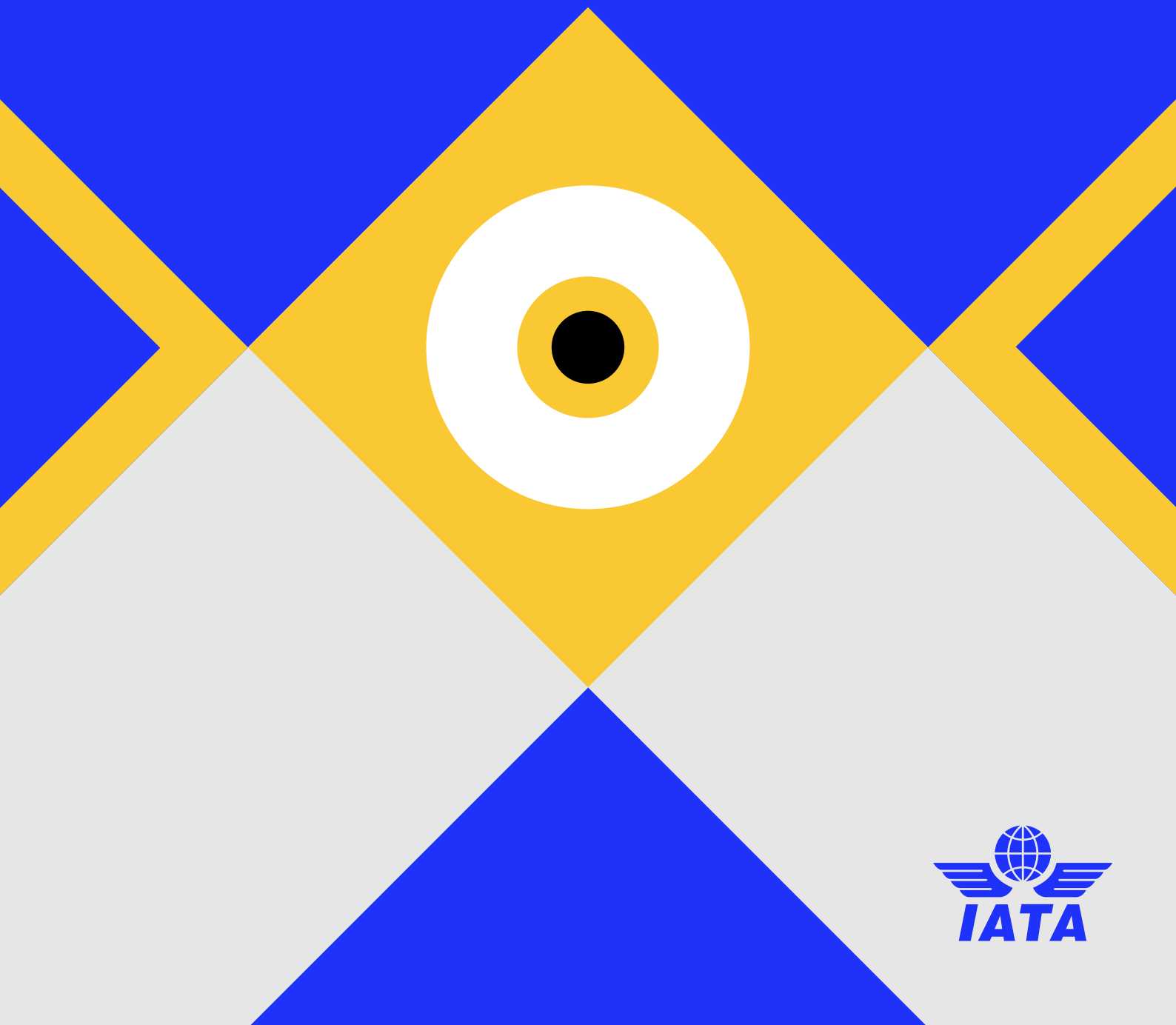
June 2026

IATA Sustainability and Economics

Global Outlook for Air Transport

Energy in Crisis



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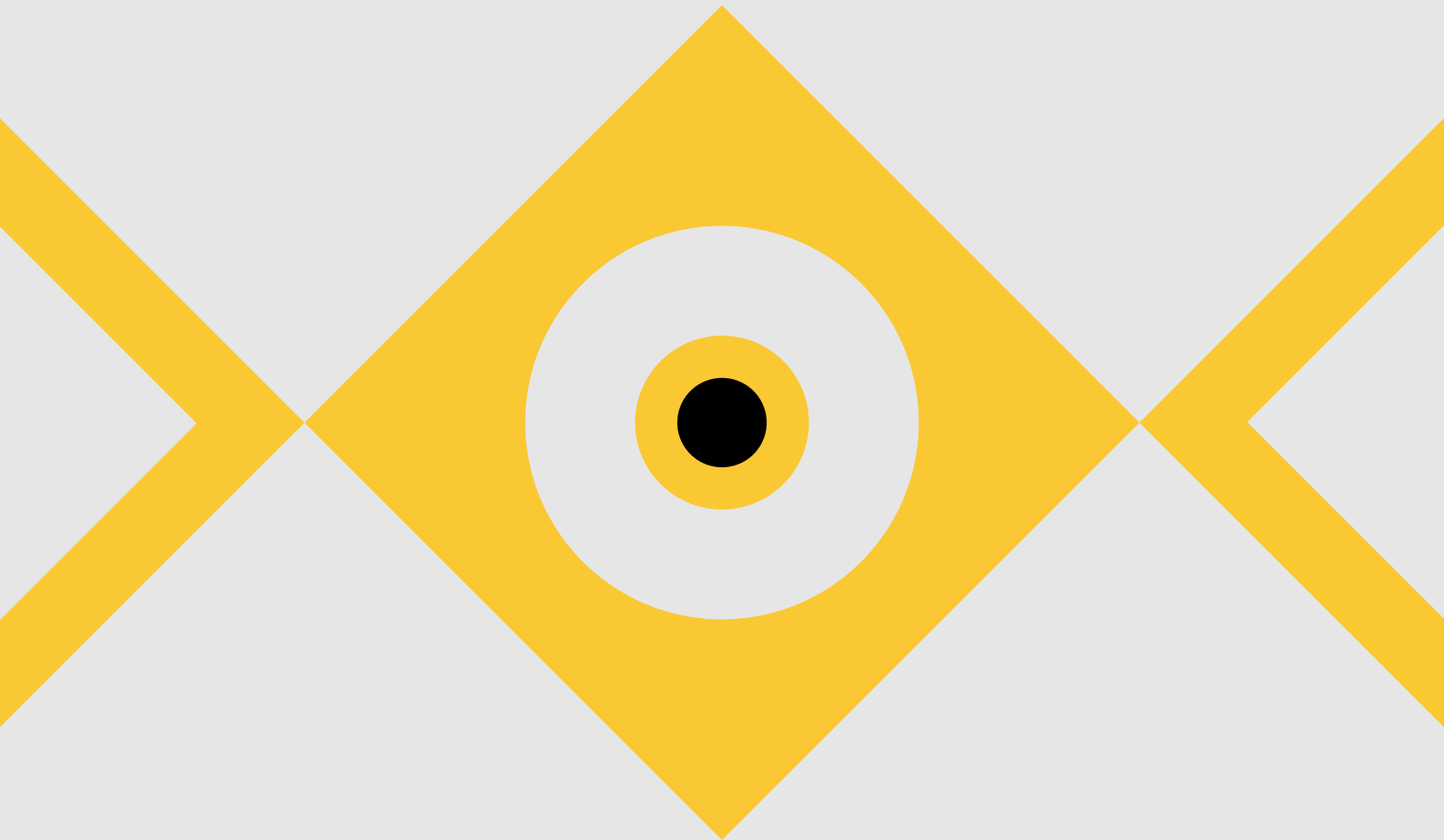


1. Main takeaways

This semi-annual report takes a broad look at developments in the airline industry, the context in which it is operating, and the challenges it is facing

- The closure of the Strait of Hormuz on 28 February 2026 triggered an oil-and-refinery shock without modern precedent, cutting crude oil supply by around 10 million barrels per day (approximately 10% of global consumption)—or 15 million barrels per day when refined products and LNG are included—and briefly pushing physical crude prices toward USD 150 per barrel.The disruption has fractured established supply chains: even net-exporting regions are affected, as refined product markets and logistics constraints are driving sharp regional price dislocations.

- Jet fuel availability is threatened, and the price has roughly doubled since late February. The crack spreads hit a record USD 80 per barrel in April, highlighting that refinery outages and constrained throughput are amplifying the impact beyond the crisis in crude oil. With Hormuz-linked flows representing roughly one-fifth of global seaborne jet fuel trade, competition for limited supply has intensified, particularly in Europe, the US Westcoast, and parts of Asia, raising the risk of localized shortages alongside higher costs.

- The macro-economic backdrop is deteriorating as the energy shock feeds through to inflation, real incomes, and consumption. In our central scenario, global GDP growth slows from around 3% toward 2.5% in 2026, with risks skewed to the downside should the disruption persist into 2027. Global inflation is set to rise above 5%, increasing the risk of stagflation, i.e., higher inflation and stalling economic activity, particularly in energy importing economies where the policy space is already constrained.

- Global passenger demand is adjusting to this supply driven shock. Higher fuel costs, airspace disruptions, and longer routings are weighing on growth, yet underlying willingness to travel has not collapsed, only moderated. Passenger traffic is now forecast to grow by 2.1% in 2026, a material slowdown from recent years, with pronounced regional divergence: the Middle East faces a deep contraction due to airspace restrictions, while Africa and Asia Pacific grow thanks to traffic rerouting.

- Beyond the near term shock, the crisis exposes structural fragilities in the geographic distribution of refining capacity and underscores the strategic case for accelerating the energy transition. With fossil fuels still accounting for more than 80% of global energy consumption, today's disruption shows the urgent need to develop alternative energies for energy security, if not for the climate. As for sustainable aviation fuels, SAF, its output is projected at only 2.4 million tonnes in 2026 (around 0.8% of jet fuel demand), while 500 Mt will be required in 2050 to achieve the industry's net-zero target. Scaling low carbon liquid fuels requires a system-wide increase in renewable energy capacity as well as keen attention to the policy mix and its sequencing.

- Air cargo continues to play a stabilizing role in global trade, but growth is slowing as the Middle East conflict curtails effective capacity and disrupts hub connectivity. After a strong start to the year, cargo demand is now expected to grow by just 0.7% in 2026. Capacity shortages, especially in passenger bellyhold, are tightening the market and pushing adjustment toward higher yields rather than volume expansion.

- Airlines remain profitable in aggregate, but margins are under severe pressure from the fuel cost shock and limited scope for further efficiency gains. Industry revenue is projected to rise by 9.4% in 2026, supported by higher yields, yet net profit is expected to fall to USD 23 billion, cutting the net margin to 2%, the weakest outcome since the covid years. Some growth in demand, constrained capacity, and hedging provide modest buffer, but cost pass through is challenging, leaving profitability highly exposed to prolonged fuel market disruption and further macro-economic deterioration.

2. Energy in Crisis

The 2026 Energy Crisis: A supply shock without historical precedent

The global energy landscape was fundamentally transformed on 28 February 2026, when air strikes on Iran and retaliatory actions effectively closed the Strait of Hormuz to commercial shipping. What began as a military operation rapidly became the largest supply disruption in the recorded history of the global oil market.[1] Through this slim waterway—barely 33 kilometers wide at its narrowest point—transits approximately 19% of global crude oil, along with 19% of liquified petroleum gas (LPG), 18% of liquid natural gas (LNG), and 6% of refined products. (Table 1).

Table 1: Share of global oil and gas production

	Crude oil	LPG	LNG	Refined products
Transiting Strait of Hormuz	19%	19%	18	6%
The rest	81%	81%	82%	94%
Global production	100%	100%	100%	100%

Source: IATA Sustainability and Economics, S&P Global Energy Platts.

Its closure has not merely caused prices to spike; it has fractured the architecture of global energy supply chains. Crude oil supply plummeted by around 10 million barrels per day—an unprecedented contraction, representing 13% of global crude oil demand. Physical crude oil prices surged to record levels of nearly USD 150 per barrel mid-April.

This crisis is not solely a crude oil shock. It is simultaneously a refinery crisis of extraordinary severity. Roughly 80% of the exports of crude oil from the Middle East go to Asia, where close to 40% of the world's petroleum products are refined. The Persian Gulf region hosts major refining complexes that export processed products such as diesel, gasoline, jet fuel, and liquefied petroleum gas around the world. More than 3 million barrels per day of refining capacity in the Middle East has shut down. Physical damage to oil and gas facilities in the region is estimated at up to USD 50 billion. Asian refineries that rely on Gulf crude for feedstock have been forced to cut throughput by around 5 million barrels per day—or 6% compared with the same period last year—according to the IEA. The result is a double crisis: a shortage of both crude oil and refined products.

The Strait of Hormuz accounted for approximately 470,000 barrels of jet fuel per day in normal conditions, representing about 23% of global jet fuel exports. Europe is the destination for roughly 80% of jet fuel flows originating from the Gulf region, which accounts for 40% of Europe's total imports of this product. Prices have responded with extraordinary force. Jet fuel prices have essentially doubled since late February. The crack spread—the price difference between crude oil and jet fuel—reached a record USD 80 per barrel in April, while the diesel crack is estimated at USD 60 per barrel. This significant jet-diesel gap underscores that the ongoing crisis is disproportionately hitting jet fuel with the impact being felt more acutely in certain regions: in Singapore, the jet fuel price reached an all-time high of above USD 230 per barrel. Jet fuel trade dropped by almost 30% between February and April 2026, while global diesel and gasoline exports declined by 15% and 12% respectively, according to S&P Global Energy. Evidently, there is fierce competition for the limited amount of jet fuel available, and that scarcity is more severe than in the major oil distillates.

A prolonged supply outage of this scale will have severe repercussions for the global energy market. Given the energy system's complexity and interdependence, net-exporting regions too will be impacted. For example, while the United States is a net exporter of petroleum products, including jet fuel, its West Coast remains structurally dependent on imports from East Asia. As a result, jet fuel prices on the US West Coast have surged to the highest levels among major regional markets, aggravating the situation for Asian countries that compete with the US for the limited volumes of jet fuel available in that region.

Globally, the cumulative crude oil supply loss has reached approximately 500 million barrels over the two months since the onset of the conflict. Although the IEA member countries responded with a coordinated release of 400 million barrels from strategic petroleum reserves on 11 March, partially helping to absorb the initial shock, the scale of ongoing daily supply losses remains unsustainable. The global energy system cannot withstand disruptions of this magnitude unless significant demand destruction takes place.

1 The 2026 oil price increases exceed those seen in the supply shocks of 1973 and 1979. The covid pandemic, however, was a demand shock of epic proportions, and with it came the momentous event of crude oil reaching negative prices for the first time in history in April 2020.

There is also a structural dimension to the refinery crisis. Global refining capacity has become unevenly distributed across regions, with widened regional supply and demand imbalances in several developed economies, particularly in Europe. Global refining capacity increased by around 16% over the past 20 years, while Europe's refining capacity declined by approximately 20%.[2] As a result, Europe is now more dependent on imports and more vulnerable to supply disruptions. Jet fuel faces additional structural threats of supply shortages in the face of falling demand for other refined products. As the electrification of road transport cuts demand for diesel and gasoline, refinery economics become more challenging, and jet fuel is too small a product (8% of global refined output) to make up for the lower demand for the bigger refined products.[3]

This makes any predictions of a swift return to normal jet fuel flows illusory. Oil fields cannot simply restart overnight. Refineries that have been idled or damaged require time and significant repair before they can return to operation. Meanwhile, there is a growing risk that traditional net exporters of jet fuel in Asia, such as China and South Korea, limit exports of processed product, adding pressure on European and Australian markets competing for the same scarce cargoes. We expect high crude oil and jet fuel prices to stay with us throughout the year and assume an average price of USD 95 per barrel of Brent crude, a crack spread of USD 57 per barrel, and a jet fuel price of USD 152 dollars per barrel in 2026.

This energy crisis has revealed the necessity of developing alternatives to fossil energy sources with unambiguous clarity. The world is still dependent upon fossil energy for over 80% of global energy consumption, and while the production of alternative energies has risen, its share in global energy production remains below 20%—too small to break the monopolistic chokehold the oil and gas sector exerts on the global economy. Developing alternative energies is no longer primarily about combating global warming—it is about energy independence and energy security. A reliable supply of energy is imperative for all economic activities and for all households. The fragility of the global energy system has been laid bare for all to see, and the current crisis is the price we all pay for decades of underinvestment in renewable energies.

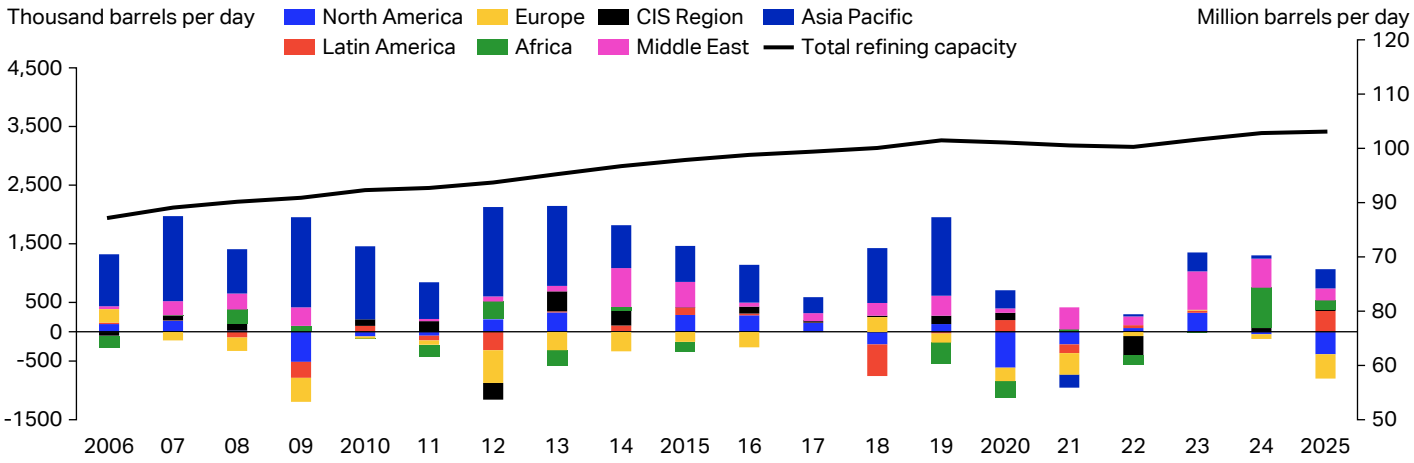
Sustainable aviation fuel (SAF) production is projected to reach a mere 2.4 million tonnes in 2026—equivalent to 0.8% of all jet fuel consumption—highlighting the stark inadequacy of the current global policy framework in driving meaningful scale-up mix aimed at increasing its production. It is high time to correct course and approach the energy transition as a whole system transformation.[4] Piecemeal and badly sequenced policies will fail. Industry-by-industry policies will fail. There must be a political commitment to build more renewable energy capacity for all and enable its transformation and distribution to all users. This includes users of liquid fuels, of which air transport, though minor in the grand scheme of the global energy complex, plays an outsized role in economic development.

2 IATA, "Europe's jet fuel supply outlook", November 2025.
3 IATA, "Conventional aviation fuel and the energy transition: Refineries in focus", May 2025.
4 IATA, "Energy Transition: System transformation", March 2026.

Box 1: Refining capacity

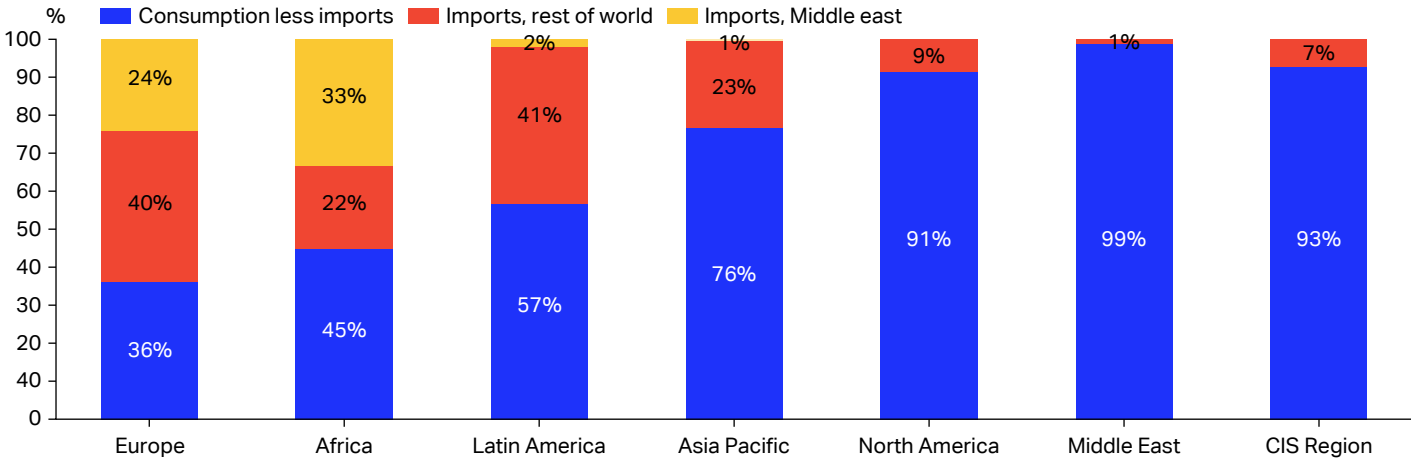
- Global refining capacity has grown to over 100 million barrels per day, though new capacity has shifted toward the East (Chart 1). Europe and the United States have closed many of their older and less competitive refineries, and these have not been replaced, while Asia and the Middle East have invested in significant new refining capacity.
- Europe has allowed a pronounced supply—demand imbalance to emerge and the region now imports roughly 60% of its jet fuel consumption, over a third of which originates in the Middle East. Africa is another region that is heavily import-dependent, to the height of 50% of its consumption, and most of this comes from the Middle East (Chart 2).
- Asia and the Middle East command a substantial share of global jet fuel production and play a dominant role in its international trade, accounting for around 60% of global jet fuel exports (Chart 3).
- All refineries, fossil-based or otherwise, must produce a whole range of products. The largest products are diesel and gasoline, and these ensure the refinery's economic viability. Jet fuel is only a small slice of the world's total output of refined products, at around 8%. This share is too small to make jet fuel a priority for any refinery, and too small to make up for any losses related to the "big" products—a system-problem that imperils jet fuel supply structurally (Table 2).

Chart 1: Refining capacity per region, YoY change in thousand barrels per day (left) and total capacity in million barrels per day (right)



Source: IATA Sustainability and Economics, S&P Global Energy Platts.

Chart 2: Jet fuel total consumption, and share of imports in % of total consumption



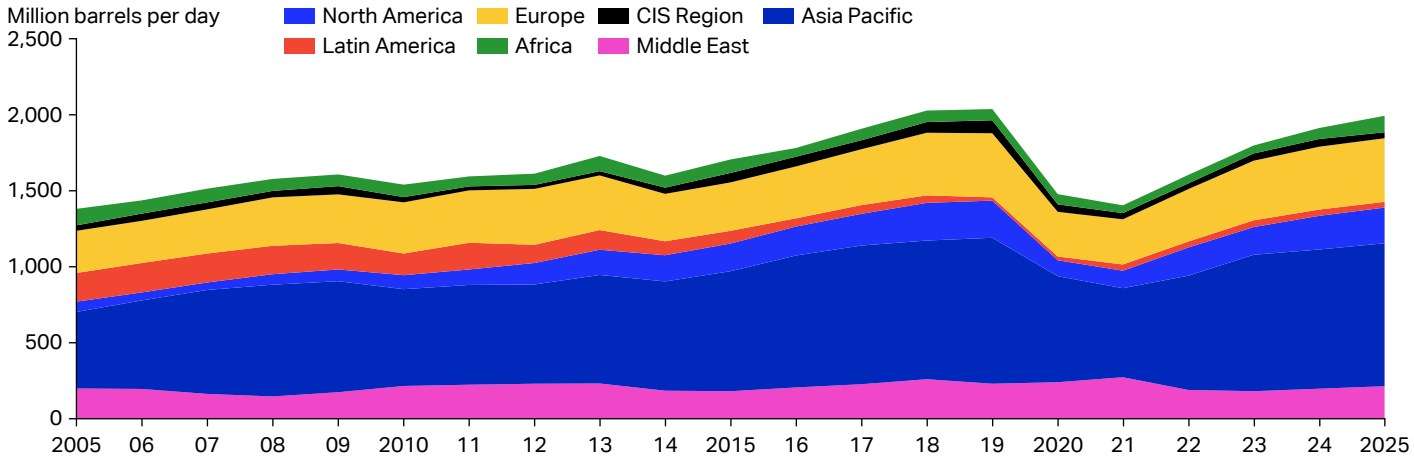
Source: IATA Sustainability and Economics, S&P Global Energy Platts.

Table 2: Refined products, thousand barrels per day, 2025

Product	Volume	% of total
Gasoline	24,051	29%
Diesel/gasoil	28,775	34%
Jet fuel	7,021	8%
Naphtha	6,903	8%
Other products	17,187	20%
Total refined products	**83,937**	**100%**

Source: IATA Sustainability and Economics, S&P Global Energy Platts.

Chart 3: Global jet fuel exports

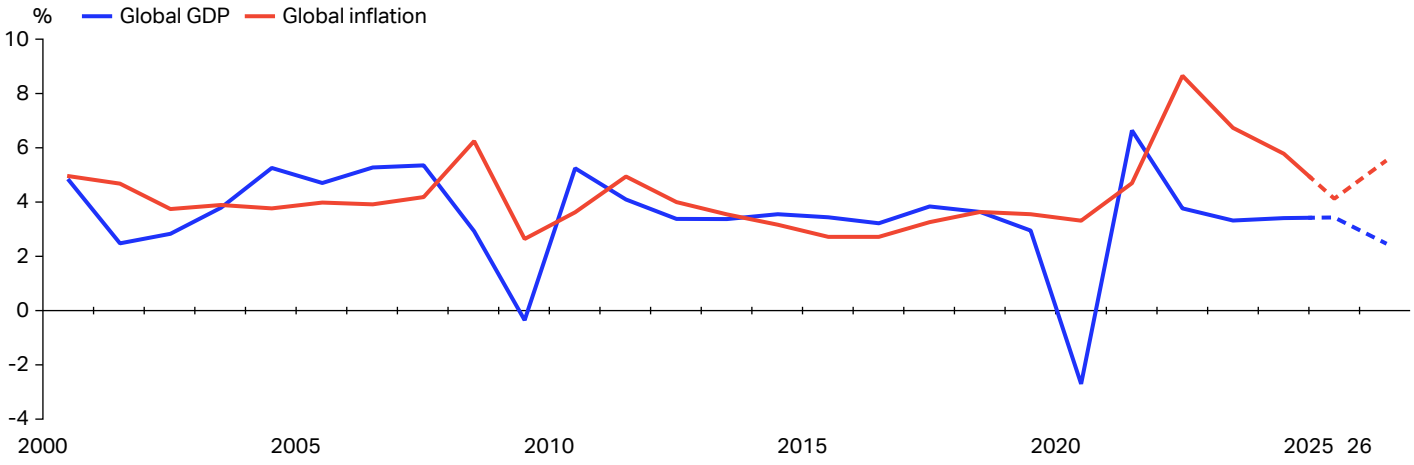


Source: IATA Sustainability and Economics, S&P Global Energy Platts.

Macro-Economic Fallout

The economic consequences of the 2026 energy shock are being felt across all major economies, though with marked variation in severity. Global GDP growth has enjoyed an unusual period of stability since 2023, evolving around 3%, which is also the global average growth rate since the 1970s. The current crisis is expected to shave half a percentage point off that rate: less if the crisis proves short-lived, more if it lasts longer and becomes even more severe. Our central scenario would reduce global GDP growth to 2.5% in 2026, on the assumption that the crisis will indeed see oil and jet fuel prices in line with our assumptions. We deem a more short-lived crisis with rapidly reduced energy prices unlikely, and risks are heavily skewed to the downside. If the conflict and its effects remain ongoing and high into 2027, GDP growth would head towards 2%—a low not seen since 2001, barring the contractions seen in 2020 and in 2009. Prior to the crisis, the global inflation rate was expected to be around 4–4.5%. In our current central scenario, inflation is likely to exceed 5% and rise above 6% if the crisis persists.

Chart 4: Global GDP growth rate and global inflation rate, %



Source: IATA Sustainability and Economics, IMF.

The macro-economic fallout will be greater in energy-importing countries than among the energy exporters (Table 3). The space for policy action to stimulate slowing economies was already limited going into the crisis, and it is now constrained even further. Central bank policy interest rates that were previously poised to be lowered will now potentially have to be raised instead, to combat inflation. On the fiscal side, cumulative shocks of the past decade have sharply reduced governments' room for any stimulus. The risk of stagflation is looming, a situation when inflation rises while economic activity stalls. This could be coupled with food insecurity as fertilizer prices and availability squeeze agricultural output and affordability worldwide.

Countries with larger internal markets are likely to be less severely impacted. Private consumption typically represents 55% to 60% of total output in many economies, and as much as 68% in Q1 2026 in the US.

Global private consumption entered 2026 quite strongly in aggregate, supported by still-solid labor markets, easing monetary conditions, and real wage gains in several major economies. However, while households continue to spend, they do so more defensively, prioritizing essentials and value, and cutting back on discretionary items. Add to this, the energy crisis which will increase the share of energy in households' total consumption, cause higher prices of other goods and services, eroding real disposable income, and consumption now looks very vulnerable. The hit to consumers can be recessionary, particularly in energy-importing economies. Critically, the burden is highly uneven: lower-income households, which devote a larger share of spending to energy and food, face the steepest decline in purchasing power.

Table 3: Estimated downgrade to GDP in percentage points from pre-crisis expectations

Region and country	Estimated downgrade to GDP in percentage points from pre-crisis expectations
Hardest hit	
Conflict zone and Gulf states:	
Iran	10.0+
Qatar	6.0
Iraq	6.0
Saudi Arabia	3.0
GCC region	2.5
Severely hit	
Energy-import-dependent economies:	
The Philippines	2.5
Japan	1.0
South Korea	1.0
United Kingdom	1.0
Euro area	1.0
Emerging Asia (region)	0.8
South-East Asia (average)	1.5
Structural risk	**Level of risk**
Sub-Saharan Africa	High
Latin America & The Caribbeans	Moderate
Bangladesh, Sri Lanka, Pakistan	Severe
Insulated or benefiting (selected countries)	**Level of benefit**
Russia	Windfall
Brazil	Oil revenues, flex-fuel car fleet, and hydro electricity
Spain	High renewables and LNG infrastructure

Source: IATA Sustainability and Economics.

As the import bill rises for the energy importers, the level of reserves can fall and local currencies can come under intense pressure against the US dollar, exacerbating the risk of balance of payments crisis. Such risks are concentrated among developing and low-income energy importers.

Oil exporters that are geographically located outside of the conflict zone are likely to benefit from the higher oil prices. And countries that have developed significant capabilities in renewable energy production will clearly be cushioned by their strategic foresight.

At the epicenter of the crisis is of course Iran. The rial has lost nearly 70% of its value, inflation is running at double digits, and oil exports—the lifeblood of the economy—have been effectively cut off with the blockade. GDP is expected to contract by more than 10% this year. Qatar, whose vast gas export complex at Ras Laffan sustained serious and lasting damage, and Iraq, where oil funds 90% of government spending and 90% of food and medicine imports transit through the Strait, will likely see GDP shrink by 6% or more. Kuwait's crude exports fell to zero in April, the first time since the Gulf War. Saudi Arabia and the UAE, on the other hand, benefit from larger financial reserves and the ability to reroute some exports, which will lessen the impact on their economies. The GCC region will suffer despite being an energy producer because of the disruptions caused by the war in terms of flight cancellations and rerouted shipping, hitting its role as a logistics and tourism hub.

As the primary destination for Gulf energy exports, the Asia Pacific region is set to be heavily impacted, though the direct exposure and capacity to absorb the shock differ markedly across countries. The Philippines is perhaps the most starkly vulnerable. The country imports up to 98% of its oil from the Persian Gulf, and fossil fuel imports already made up over 6% of GDP before the price hikes. A state of national energy emergency was declared in late March, and government offices shifted to four-day working weeks to conserve fuel. Japan too imports virtually all its crude oil from the Middle East, and the continued depreciation of the yen adds to the country's vulnerability in this context. South Korea shares similar import dependencies, though some of the most negative impact may be cushioned by the still-strong tech investment boom.

Europe came into this crisis with energy storage levels at historic lows, leaving little buffers against surging gas prices. Germany, Italy, and the Netherlands could see at least technical recessions (two quarters of negative GDP growth), and inflation will rise across the continent, possibly exceeding 5% in the UK. Spain is likely to stand out as a relative outperformer thanks to its high renewable penetration and stronger pre-crisis momentum.

The United States economy is likely to fare better, relatively speaking. It helps that the US is a major oil producer, though households are clearly feeling the impact at the gas pump. The government's fiscal stimulus has also helped, though this effect will fade after the April tax refunds. GDP growth is expected to slow in 2026 and could dip below 2%.

Despite being the largest oil importer in the world, China is expected to weather the storm better than most. China's early, deliberate, and strategic expansion of renewable energy production and of the country's oil reserves stand out as particularly inspired in the current context. However, domestic demand was already vulnerable before the crisis, as the property sector remains depressed, making it likely that China's GDP growth falls just short of the government's 4.5–5.0% target range in 2026.

The fates of economies in Latin America divide along the lines of their net energy positions. The major oil exporters—Brazil, Colombia, Ecuador—will outperform the net importers—Chile, Peru, most of Central America, and the Caribbean. Brazil's hydropower-dominated electricity mix and the flex-fuel vehicle fleet should be advantages, though the large agribusiness is exposed to higher fertilizer costs. Growth will likely struggle to reach 2% in 2026 in the region.

India is the world's third-largest oil importer, and the rupee has depreciated to an all-time low against the dollar. Making matters worse is the weight of the government's subsidies of households' energy consumption, swelling as the price rises. Moreover, India is suffering severe heat stress that looks set to lift food prices. Thanks to its large internal market, GDP growth could still exceed 6%, making India the fastest-growing large economy this year as well.

The war in Iran has also dramatically accelerated the already strong trend toward higher defense spending across the Western world and beyond. World military expenditure reached USD 2.9 trillion in 2025, nearly 3% higher in real terms than in 2024, and the 11th consecutive yearly rise.[5] The increase was as high as 14% in Europe, and over 8% in Asia and Oceania. The 2026 crisis will most likely boost military yet further this year. The North Atlantic Treaty Organization (NATO) members have pledged to raise defense and security-related spending to 5% of GDP by 2035. This alone would bring global spending to roughly 3.5% of world GDP, equivalent to approximately USD 3.7 trillion in today's terms. Defense spending of this magnitude competes with other public investment priorities. While military spending can boost GDP in the short term, it tends to crowd out private investment and reduce the longer-term GDP growth potential.

5 SIPRI (Stockholm International Peace Research Institute), "Global military spending rise continues as Europe and Asian expenditures surge", 27 April 2026.

It is structurally inflationary, particularly for specialized labor, advanced materials, and aerospace components—the same ecosystem on which commercial aviation depends for aircraft production, maintenance, and repair. The aerospace and defense industrial base, already stretched by years of post-pandemic demand recovery in commercial aviation and pre-existing military procurement programs, now faces competing claims that will delay deliveries, inflate costs, and divert engineering talent.

Financial markets have mostly not treated the energy crisis as a major issue, and US equity indices are near record highs. This suggests complacency and unrealistic expectations regarding the conflict's outcome and its longer-term implications for corporate profits. Corporate bond markets too have also held up well, with investors still willing to lend to riskier companies at relatively low premiums. However, there are pockets of distress, such as in private debt markets, where a string of high-profile defaults has occurred, and some funds have frozen withdrawals. It is unlikely that this complacency will last unchecked at the current oil price. While the risk of a major global financial crisis does not appear imminent, a significant drop in equity indices from the present levels must be considered a real possibility.

How sustainable the current optimism in US financial markets will prove to be also depends on the outlook for the US dollar. The greenback is clearly not performing as the safe-haven currency it used to be, and much of such flow have benefitted gold and the Swiss franc. Last year, the USD depreciated by around 10% against most of its trading partners' currencies, and this year it is likely to weaken further by around 5% for the year (having lost approximately 2.5% by the end of April). Weighing on the dollar too are negative statements regarding its value by government officials, and the political pressure put on the Fed to cut interest rates. At the margin, this is supportive of the global business cycle as well as of non-USD based airlines. All invoices, notably fuel, and all debt denominated in USD become cheaper for non-USD based households and businesses when the dollar depreciates. Any deeper disenchantment with the dollar could turn to a disadvantage if it were to provoke an exodus from USD-based financial assets.

Elections add further uncertainty to the macro-economic outlook. More than 40 countries are expected to hold (or have already held) national elections in 2026, representing over 1.5 billion people worldwide and making it another pivotal year for democracy across the globe. Among the most closely watched elections are the US midterm elections in November, which will determine control of Congress, as well as Brazil's general election in October, where voters will elect a president, legislature, and state governments.

Israel is set to hold a closely contested legislative election by October, and Russia's legislative election (State Duma) is also scheduled this year. Election outcomes will determine responses to inflation, trade tensions, as well as fiscal and monetary policy and more, as the energy crisis is reshaping government priorities across the world.

Overall, there is a shift in the global macro-economic backdrop from generally quite supportive, characterized by stable global GDP growth, falling inflation, weaker USD dollar, and lower oil prices, to a much more unfriendly environment with heightened risks of stagflation and recession in certain economies.

Outlook for Global Air Transport

The airline industry entered 2026 in the strongest position since the pandemic years. Airlines carried record passenger numbers, rebuilt financial reserves, and invested in fleet renewal and sustainability programs. Within the space of weeks, that position was severely compromised. Airlines now face unprecedented and simultaneous challenges: a doubling of their principal cost input, a genuine threat of physical fuel shortage in important regional markets, a sharply deteriorated macro-economic environment in its key demand geographies, and geopolitical disruption to the network architecture that underpins long-haul connectivity.

The single most important factor determining the outlook is the reopening of the Strait of Hormuz. However, even if reopened, its closure will have a lasting impact on fuel prices and traffic. The summer 2026 travel season, typically the most commercially critical period for European and North American carriers, is already being shaped by these realities. Airlines must balance conserving scarce and expensive fuel through capacity reductions, while retaining enough revenue-generating flights to service high fixed costs and debt obligations, preserving liquidity above all else.

At the same time, airlines have faced persistent supply constraints in aircraft availability and maintenance capacity since the pandemic. The silver lining this has brought is that airlines have realized significant efficiency gains, and they now operate fleets at record high utilization rates. However, the scope for further cost optimization is limited as a result, reducing the ability to adjust supply in response to shifting market conditions compared to previous cycles. It also reinforces the need to prioritize yield over growth.

Regional impacts are highly uneven. The Middle Eastern carriers are the most heavily impacted and face closed or severely restricted airspace amid military activity. As a result, traffic measured in RPK dropped by almost 60% in March and April in that region (Chart 5). Airlines without fuel hedging programs are maximally exposed, while no airlines are immune to the dramatic cost increases and the constrained fuel supply. Many airlines have curtailed their flight schedules to limit their spending on fuel, which was especially visible in April, the first full month to reflect new pricing and capacity environment. Globally, traffic remained resilient in March, growing by 2.2% YoY, supported by pre-crisis bookings and emergency re-accommodation traffic following widespread disruptions. Once these temporary effects faded, global traffic declined modestly in April. However, the decline remained relatively limited compared with the reduction in capacity. Combined with sharply higher ticket prices, this suggests that the weakness reflected supply constraints and network adjustments in response to higher fuel costs rather than a broad deterioration in underlying demand. Looking ahead, both forward booking trends and schedule data for the coming months point to a gradual return toward the previous growth path, indicating that the adjustment may prove temporary and that underlying travel demand remains relatively resilient. Ticket prices will inevitably have to rise, as will the price of ancillaries, but the full impact of higher fares is likely to emerge with a lag as consumers adjust. Unlike past crises, the current shock is predominantly cost-driven rather than demand-led. While demand for air travel remains relatively robust in the near term, the medium-term outlook darkens considerably if energy prices remain elevated, consumer confidence deteriorates further, and economic contractions materialize in Europe and parts of Asia.

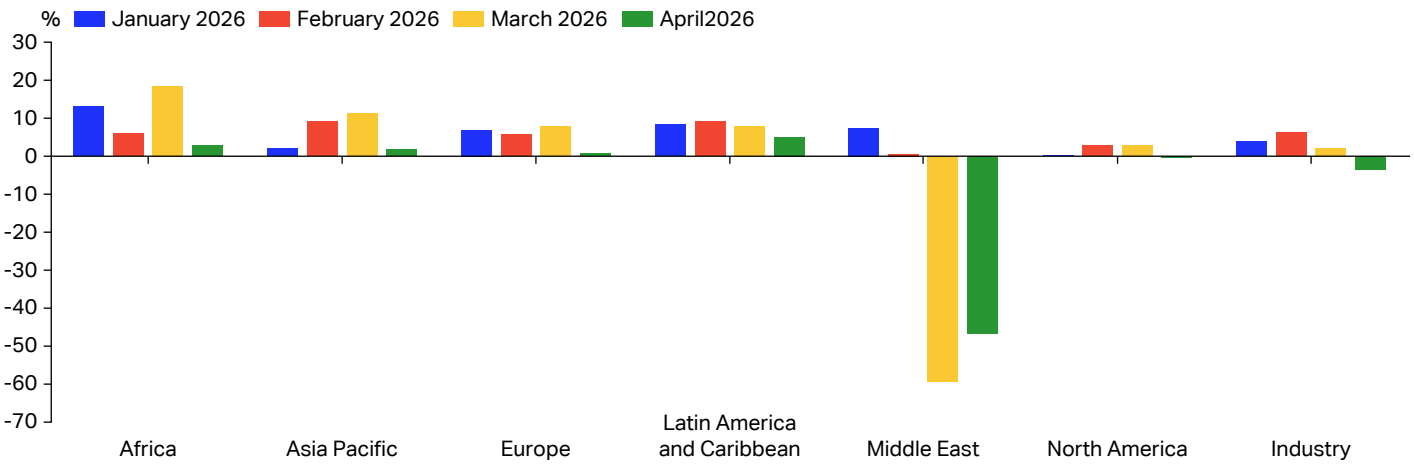
In this context, we expect traffic growth, measured in RPK, to be limited to 2.1% in 2026, from 4.9% in our December 2025 forecast. Cargo traffic, measured in CTK, will likely slow to 0.7%, from 2.6% previously.

Revenue is projected to increase by 9.4%, supported by (the slower) traffic growth and by higher yields driven by elevated jet fuel prices. However, the high input costs will weigh on profitability, which is likely to remain positive at the industry level, although margins are set to decline significantly from the relatively strong levels recorded in recent years. We expect the industry's net profit to reach USD 23 billion—down by around half from our previous forecast—and the net profit margin will in all probability drop to 2%, the worst performance since the covid pandemic years.

Should the current fuel prices persist through year-end (higher than in our central scenario), the industry would likely move into a net loss position, accompanied by traffic decline.

The crisis comes after only three profitable years since the pandemic—not enough time for many airlines to rebuild equity fully and repair balance sheets after the unprecedented losses of 2020–2022. More broadly, airline profitability remains relatively low and volatile even in favorable market conditions, leaving the industry highly exposed to external shocks and recurring periods of margin compression.

Chart 5: Industry RPK growth by airline country of registration, % YoY, January–April 2026



Source: IATA Sustainability and Economics using data from IATA Information and Data – Monthly Statistics.

3. Passenger markets adjust to a supply shock

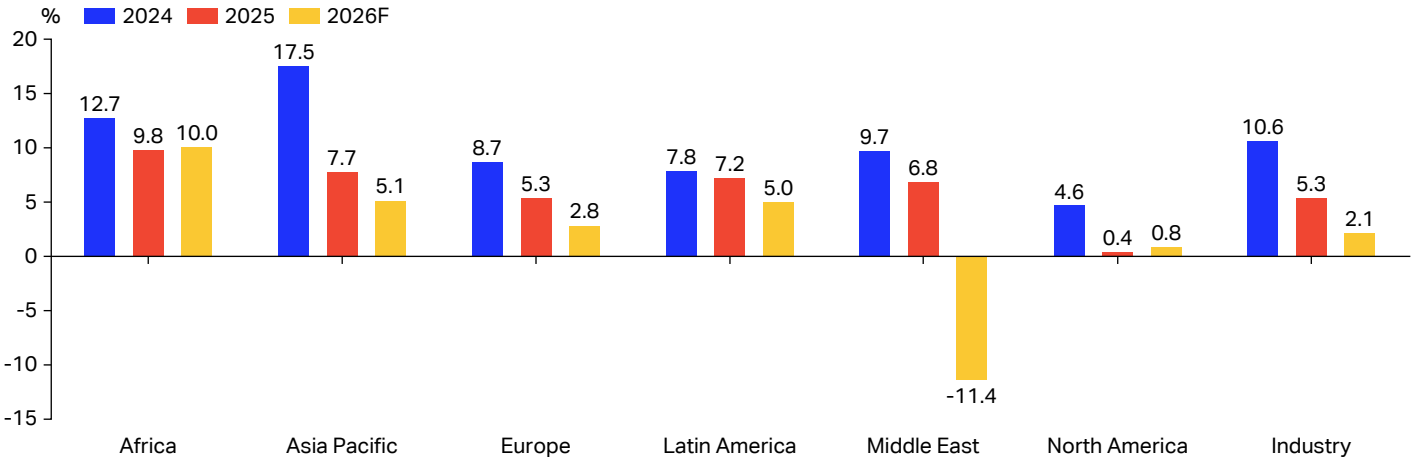
3.1 Air passenger traffic

The 2026 energy crisis is unprecedented, but not on the scale and magnitude of the covid pandemic. Its immediate effects are higher operating costs, longer routings, disrupted schedules, and a reconfiguration of global flows, rather than a collapse in global passenger demand.

Against this backdrop, global passenger traffic is forecast to grow by 2.1% in 2026 (Chart 6). This represents a clear deceleration from recent years, but it remains consistent with a scenario of slower GDP growth rather than an outright contraction. Global traffic data for the month of March does not point to a widespread decline in travel demand. Moreover, while an important market, the Middle East's share of total RPK is 9.5%, limiting its impact on the global industry, compared to past shocks that centered on major markets such as North America and Asia. However, the jet fuel price shock will trigger network adjustments and selective capacity reductions, and higher fares will weaken demand. The aggregate traffic growth figure masks pronounced regional divergence, reflecting differences in exposure to the shock, macro-economic conditions, and the ability to substitute capacity.

Airlines' ability to absorb the fuel price shock on their margins is limited, given how low margins are in the industry. Undoubtedly, ticket prices will have to rise in order to keep airlines in business. However, airlines are expected to partially offset the shock through fuel hedging, ancillary revenues, and operational adjustments, limiting the need for a full pass-through to fares. And, as in previous cycles, part of the fuel shock is likely to be absorbed through weaker profitability.

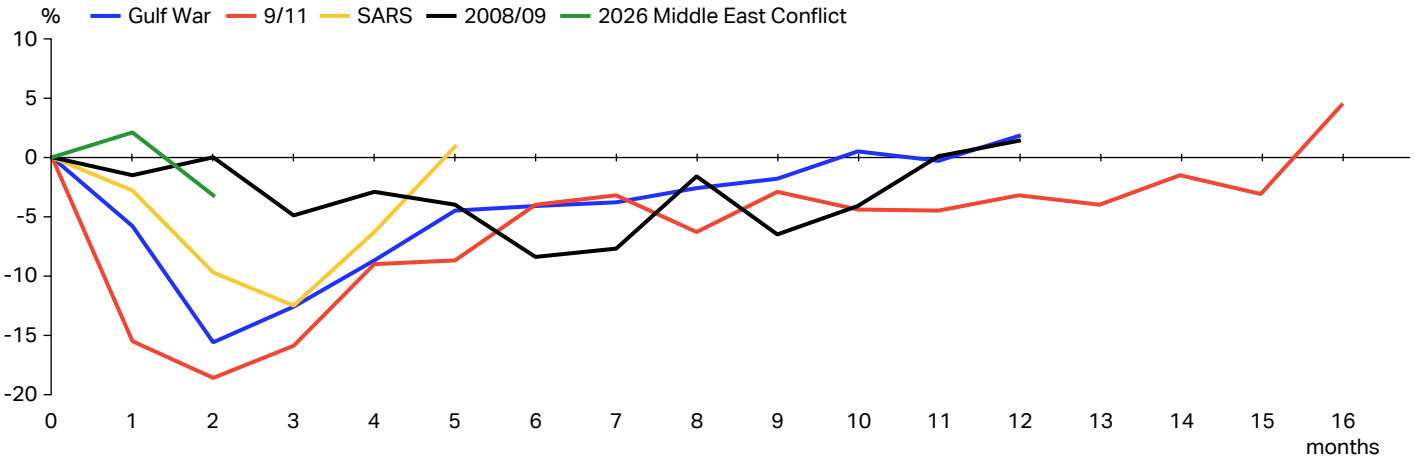
Chart 6: Industry RPK growth by airline country of registration, % YoY



Source: IATA Sustainability and Economics using data from IATA Information and Data – Monthly Statistics.

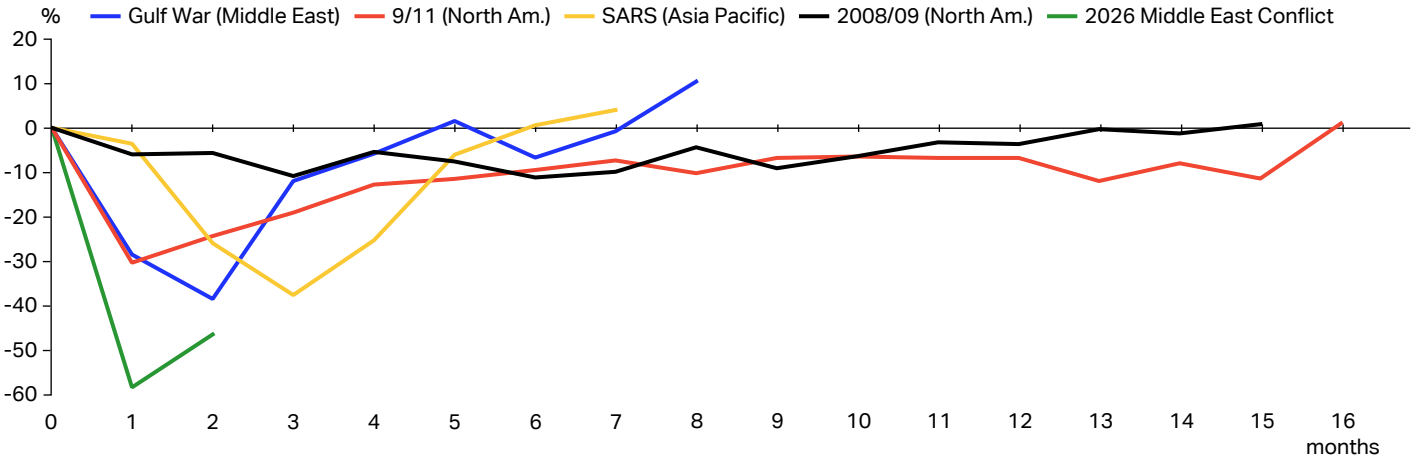
The Middle East is projected to see a sharp contraction of 11.4% in RPK growth in 2026. The impact is unsurprisingly the most severe in this region that suffers airspace restrictions and the loss of transfer traffic as passengers reroute through alternative hubs. Nevertheless, the impact of the current crisis on global traffic is rather limited, compared to previous shocks, such as the 9/11 terrorist attack and the 2008 financial crisis (Chart 7). Seen from the perspective of the region most affected by each shock, however, the impact on the Middle East in 2026 is as of now the most severe (Chart 8).

Chart 7: Recovery in global traffic after various shocks, % of RPK change against the same month before the shock



Source: IATA Sustainability and Economics using data from IATA Information and Data – Monthly Statistics. The month after the beginning of the shock compares global air traffic with the level in the same month of the previous year, for instance month 2 for 9/11 compares October 2001 with October 2000.

Chart 8: Recovery in regional traffic after various shocks (most affected region), % of RPK change against the same month before the shock



Source: IATA Sustainability and Economics using data from IATA Information and Data – Monthly Statistics.

The Middle East's share of transfer traffic is over 40% of global connecting traffic. Substitution to alternative routings and carriers, particularly on long-haul intercontinental flows, could offset up to one-third of the traffic lost in the Middle East.

Africa is projected to record the strongest growth in traffic in 2026, at an impressive 10.0% as travel paths shift, but from a very low base compared to other regions. Asia Pacific is expected to grow by 5.1%, constrained by higher costs and weaker external demand in parts of the region. Nevertheless, Asia Pacific is the largest contributor to global traffic growth among all regions, accounting for more than half of the total gain in absolute terms.

Europe's passenger traffic is forecast to grow by 2.8%. Travel is likely to be partially rerouted away from disrupted long-haul corridors toward leisure and visiting-friends-and-relatives travel closer to home. Latin America is projected to grow by 5.0%, supported by relatively resilient regional economies and continued expansion of low-cost carrier networks.

North America's growth in traffic will likely be limited to 0.8%. The mature nature of the market, combined with high fares, capacity discipline, and a slowing US economy, will all limit the upside, particularly in the domestic segment.

Overall, the 2026 passenger outlook slows meaningfully, but remains positive. This scenario is vulnerable to further deteriorations in the macro-economic environment should the energy crisis be persistent. In our central scenario, airlines are likely to experience the crisis through higher prices, higher yields, and network reconfiguration, rather than through a sharper fall in passenger volumes.

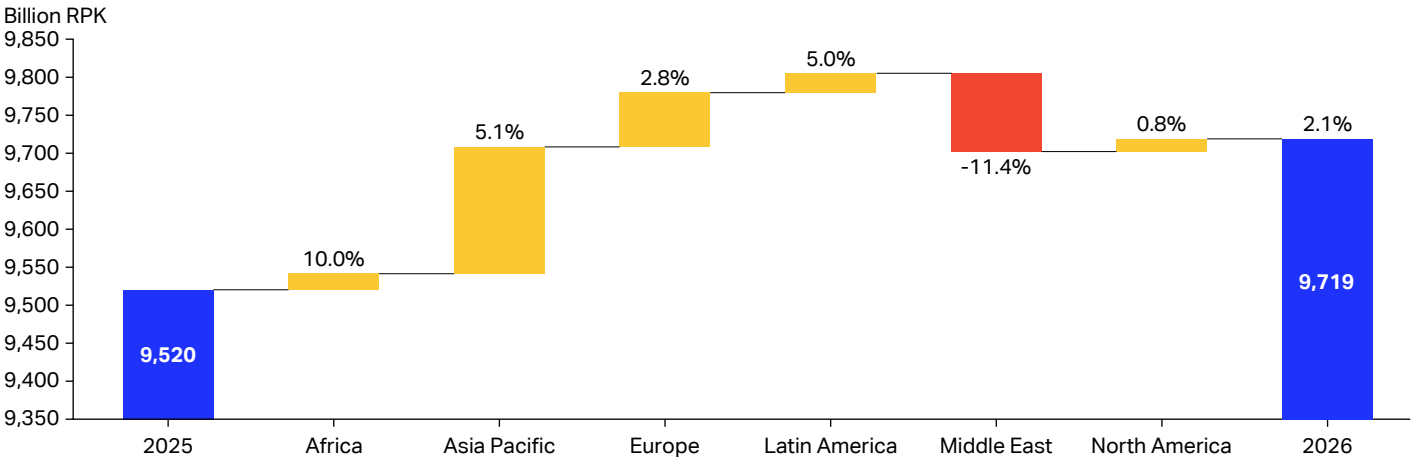
FIFA World Cup 2026

This summer, the world's most-watched sporting event comes to North America. The 2026 FIFA World Cup will be jointly hosted across sixteen cities—eleven in the United States, three in Mexico, and two in Canada, marking the first edition ever staged across three nations and the first to feature an expanded format of 48 teams, up from 32. This means that 104 matches will be played over 39 days, with the opening match in Mexico City and the final at MetLife Stadium in the New York area, making this the largest World Cup in history by almost every measure.

According to a joint FIFA/WTO study, the tournament is projected to generate USD 80 billion in economic output, supporting an estimated 0.8 million jobs, with total attendance across all three host nations expected to exceed six million visitors.

The multi-city, multi-country format introduces a distinct dynamic for air travel. Unlike a single-nation tournament, fans following their teams across venues will generate inter-regional domestic and cross-border flying. An enabler for smooth travel will be the FIFA PASS (FIFA Priority Appointment Scheduling System). The system gives ticket holders the opportunity to obtain a prioritized US visa interview appointment. To support the surge in applications, the US is also deploying 500 additional consular officers to process visa requests ahead of the tournament.

Chart 9: Contribution to passenger traffic growth by region, billion RPK, and annual growth, % YoY

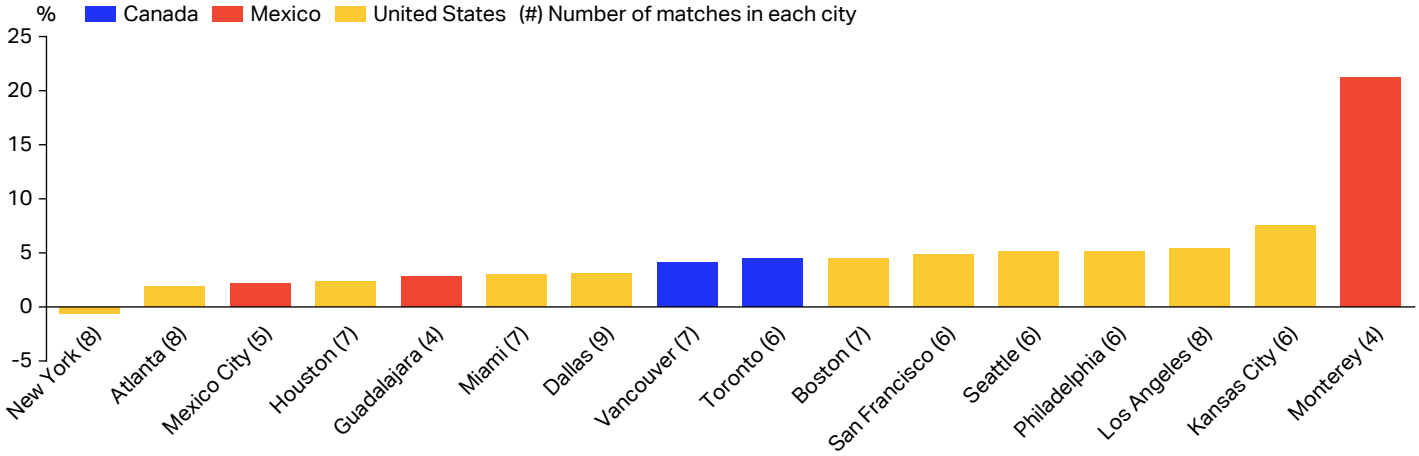


Source: IATA Sustainability and Economics using data from IATA Information and Data – Monthly Statistics.

Football (or rather soccer) fans are beginning to lock in plans well ahead of the tournament and flight bookings to FIFA World Cup 2026 host cities are up compared to June-July 2025, with nearly every city posting growth. Monterey in Mexico with four games stands out with a 21% growth. Because Monterrey is a smaller air market than mega-hubs such as Los Angeles or New York, it is most likely that the surge can be attributed to the World Cup. Travel to New York/New Jersey (8 games), however, is down by 0.6%.

This can be caused by higher price pressure, capacity constraints, or travelers opting for nearby alternatives this early in the booking cycle. Overall, the pattern points to rising international and domestic interest across host markets.

Chart 10: Flight bookings to FIFA World Cup host cities, growth between Jun-Jul 2025 and 2026, %



Source: IATA Sustainability and Economics, using data from DDS, booking until May

Table 4: Summary of key passenger traffic metrics

Global airline industry	2019	2020	2021	2022	2023	2024	2025E	2026F
RPK, billion	**8,688**	**2,974**	**3,623**	**5,973**	**8,171**	**9,038**	**9,520**	**9,719**
% change YoY	4.1%	-65.8%	21.8%	64.9%	36.8%	10.6%	5.3%	2.1%
Segment passengers, millions	**4,560**	**1,779**	**2,304**	**3,452**	**4,414**	**4,781**	**4,967**	**5,085**
% change YoY	2.1%	-61.0%	29.5%	49.9%	27.8%	8.3%	3.9%	2.4%
O&D passengers, millions	**3,974**	**1,570**	**2,017**	**2,960**	**3,782**	**4,100**	**4,260**	**4,343**
% change YoY	2.2%	-60.5%	28.5%	46.7%	27.8%	8.4%	3.9%	1.9%
Aircraft departures, million	**37.5**	**19.7**	**24.2**	**29.5**	**35.3**	**37.3**	**38.9**	**38.7**
% change YoY	-0.8%	-47.5%	22.8%	21.9%	19.6%	5.9%	4.3%	-0.6%
ASK, % change YoY	**3.4%**	**-56.6%**	**18.7%**	**40.1%**	**31.1%**	**8.9%**	**5.2%**	**1.6%**
Passenger load factor, % ASK	**82.6%**	**65.2%**	**66.9%**	**78.7%**	**82.2%**	**83.4%**	**83.5%**	**84.0%**
Total load factor, % ATK	**70.1%**	**59.8%**	**61.9%**	**67.2%**	**68.7%**	**70.1%**	**70.3%**	**71.2%**
Passenger ticket yield, % YoY	**-3.7%**	**-9.1%**	**4.9%**	**9.7%**	**12.0%**	**-2.0%**	**0.5%**	**7.0%**
Passenger total yield, % YoY	**-1.4%**	**-1.4%**	**2.0%**	**7.4%**	**8.8%**	**-1.6%**	**0.7%**	**7.5%**
Nominal one-way fare, USD	**153**	**120**	**120**	**148**	**177**	**177**	**180**	**193**
% change YoY	-1.9%	-21.3%	-0.5%	23.3%	19.9%	0.0%	1.9%	7.1%
Nominal return fare*, USD / PAX	**361**	**308**	**298**	**359**	**419**	**421**	**429**	**462**
% change YoY	0.4%	-14.6%	-3.3%	20.6%	16.5%	0.4%	2.1%	7.7%
Real return fare*, 2026 USD / PAX	**517**	**426**	**399**	**459**	**493**	**463**	**447**	**462**
compared to 2016	-17.5%	-32.0%	-36.4%	-26.7%	-21.4%	-26.0%	-28.6%	-26.2%

Source: IATA Sustainability and Economics * including ancillary fees.

3.2 Air cargo traffic

Air cargo entered 2026 from a position of strength, as its agility enabled global trade to expand in 2025 despite the trade war. Now airlines are again rapidly reconfiguring networks and rerouting flows between Asia and Europe, this time in response to the war in Iran.

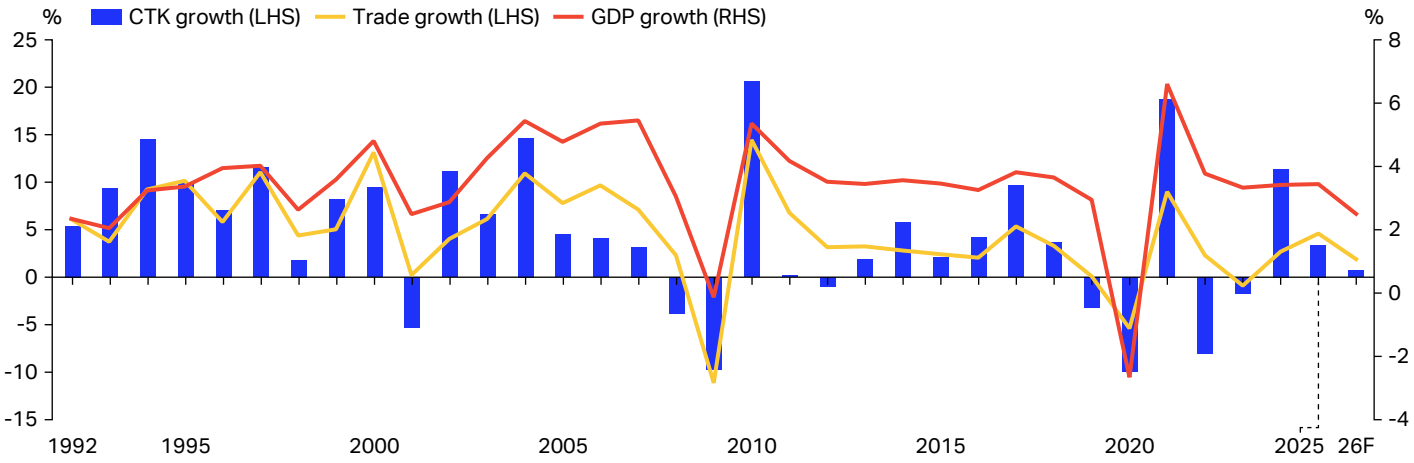
However, agility is limited by the central role of Middle Eastern hubs in global cargo intermediation and even temporary disruption creates disproportionate network bottlenecks relative to the region's share of demand—Middle Eastern airlines account for around 13% of global cargo capacity.

The initial cargo market response suggests limited immediate substitution between transport modes and different air corridors, leaving volumes curtailed. The market is likely to adjust more through prices rather than via a full normalization of flows.

We now expect demand to remain broadly flat in 2026 at around 0.7% YoY, from 2.6% in our December forecast. It must be noted that this modest rise comes partly from the high base set in 2025.

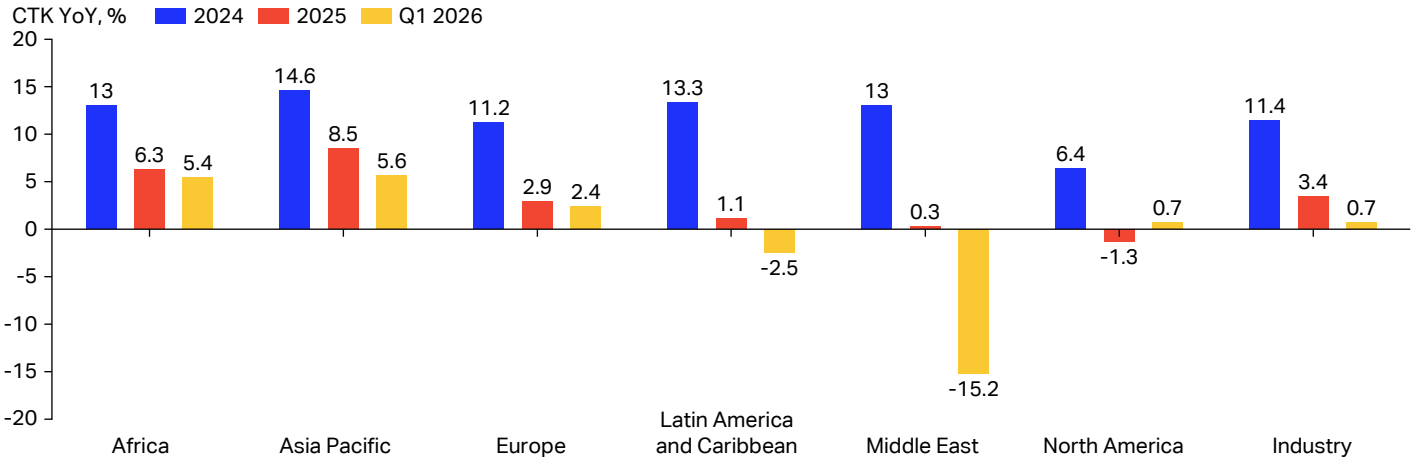
Regional performance reflects both resilience and reconfiguration of trade flows (Chart 12). Asia Pacific is expected to remain the main growth engine, with demand rising by 5.6% YoY in 2026. Year-to-date data through March shows broad-based expansion across most corridors, led by Asia–Europe flows, which have absorbed a rising share of incremental demand as routing patterns shift away from the Middle East. In contrast, new EU e-commerce regulations beginning this summer may limit the growth potential on this route. Intra-Asian markets also advanced strongly, while Asia–North America growth remained positive but more subdued in absolute contribution terms.

Chart 11: World CTK, trade and GDP growth, % YoY



Source: IATA Sustainability and Economics, IMF, WTO.

Chart 12: Cargo traffic growth by region, % YoY



Source: IATA Sustainability and Economics using data from IATA Information and Data – Monthly Statistics.

This shift points to a broader realignment of global cargo flows. A rising share of cargo traditionally destined for North America has been redirected towards Europe, with Asia–Europe now accounting for more than three-quarters of incremental growth in Asia-linked routes. Asia–North America, on the other hand, has fallen to historically low shares of traffic, reflecting both structural trade reorientation and trade policy changes, including the removal of the de minimis exemption in the United States.

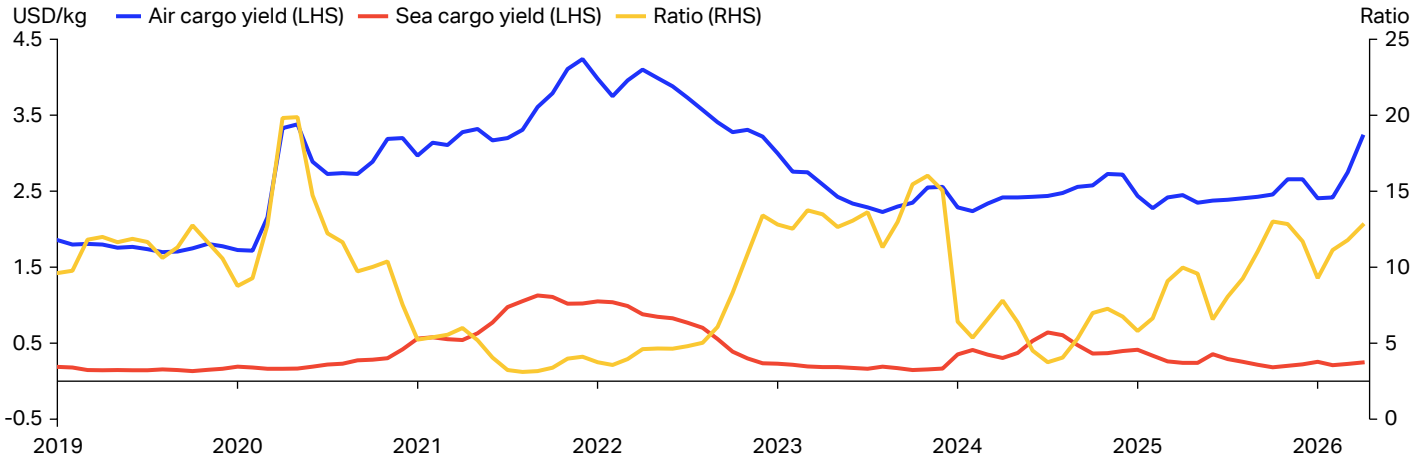
Europe is forecast to grow by 2.4% YoY in 2026, due to continued strength on most international corridors excluding those linked to the Middle East and expected substitution of some of the traffic from Middle Eastern carriers. Africa is expected to expand by 5.4%, supported by improving connectivity and gradual trade diversification. In contrast, Latin America is projected to decline by 2.5% YoY, as the front-loading observed last year skews the 2025 base comparison. North America is projected to grow only modestly (by 0.7% YoY), similarly hampered by the base-year effect. The Middle East is projected to decline by 15.2% YoY, directly hit by the conflict.

Air freight yields have increased markedly in this environment. Average yields reached USD 2.5 per kilogram in Q1 2026, up 6.2% YoY and more than 40% above 2019 levels. This marks a clear reversal of the downward trend observed since 2023 and reflects the interaction of constrained effective capacity and resilient demand. Preliminary air cargo yields point to a YoY increase of around 33.1% in April, mirroring the rise observed in sea freight rates.

Sea freight markets exhibit broadly similar volatility. Demand shifted from the US with rates falling by 20–30% YoY on routes from Europe and Asia. Rates on highly affected routes from Asia to Europe rose by 5%. April brought a renewed increase in ocean rates, with the world index growing by 4% YoY, and Asia–Europe rates growing by 20–40% YoY (Chart 13). Ongoing disruptions to key maritime corridors, particularly around the Strait of Hormuz, as well as continuous rerouting via the Cape of Good Hope instead of Bab-el-Mandeb and Suez, are likely to continue to trigger episodic shifts into air freight this year.

Demand by cargo type further highlights tightening market conditions. Growth in dedicated freighter traffic significantly outpaced belly cargo in Q1 2026, partially due to the grounding of Middle Eastern passenger fleet in March (Chart 14). Freighter volumes rose by 5.1% YoY, compared with 1.5% YoY for belly capacity. In nominal terms, freighters added 1.7 billion CTK, with two-thirds of that growth concentrated on the Europe–Asia corridor, versus 0.3 billion CTK for belly cargo, more than half stemming from the Europe–Asia corridor. This divergence reflects both greater operational flexibility in freighter networks and constraints in passenger belly capacity, which remains tied to disrupted and rerouted passenger schedules. As a result, the balance has shifted back toward freighters, reversing the gradual normalization seen in recent years.

Chart 13: Global air cargo and sea cargo yields, USD/kg

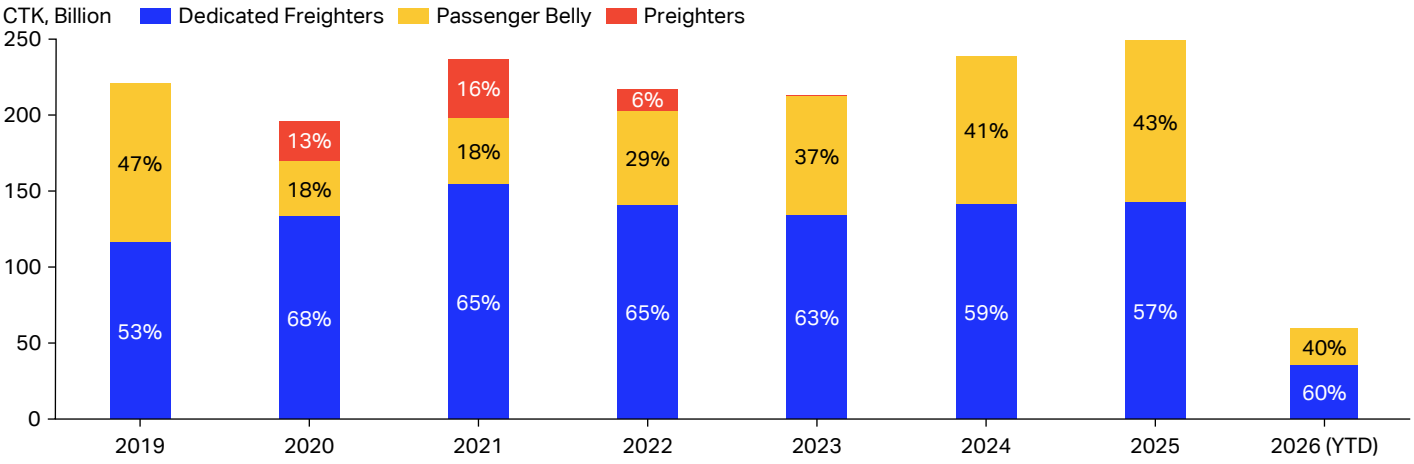


Source: IATA Sustainability and Economics, Bloomberg, WCI Composite Container Freight Index.

The global cargo load factor rose to 46.4% in Q1 2026, an increase of 0.6 percentage points YoY, indicating stronger utilization of available capacity amid constrained supply. Looking ahead, resilient demand for shipping high-value, time-sensitive goods, particularly in e-commerce and semiconductors by air even as global trade conditions soften, is expected to support further increases in load factors, mirroring the tightening observed during covid, when both freighter and passenger belly load factors rose by around 3 percentage points relative to 2019.

The most likely outlook for air cargo in 2026 is continued traffic growth, but at a slower rate, with adjustment occurring primarily through upward pressure on yields rather than an increase in volume, reflecting structurally tight capacity.

Chart 14: Cargo by traffic type, March 2026 YTD, (market shares in % within bars)



Source: IATA Sustainability and Economics using data from IATA Information and Data – Monthly Statistics.

Table 5: Summary of key cargo metrics

Global airline industry	2019	2020	2021	2022	2023	2024	2025E	2026F
CTK, billion	**254.3**	**229.1**	**272.1**	**250.1**	**245.8**	**273.7**	**283.0**	**285.1**
% change YoY	-3.2%	-9.9%	18.8%	-8.1%	-1.7%	11.4%	3.4%	0.7%
Freight carried by air, million tonnes	**62.7**	**56.5**	**65.0**	**60.9**	**61.4**	**68.5**	**71.5**	**71.7**
% change YoY	-0.2%	-9.8%	15.1%	-6.3%	0.7%	11.5%	4.4%	0.2%
Cargo load factor, % CTK	**46.8%**	**53.8%**	**56.1%**	**50.0%**	**44.3%**	**45.8%**	**45.7%**	**46.7%**
Total load factor, % ATK	**70.1%**	**59.8%**	**61.9%**	**67.2%**	**68.7%**	**70.1%**	**70.3%**	**71.2%**
Nominal freight rate, USD cents/CTK	**39.6**	**61.3**	**77.2**	**82.6**	**56.4**	**53.6**	**53.3**	**56.8**
% change YoY	-8.2%	54.7%	25.9%	7.0%	-31.7%	-4.9%	-0.5%	6.5%
Real freight rate, 2025 USD cents/CTK	**56.8**	**84.8**	**103.3**	**105.5**	**66.3**	**59.0**	**55.5**	**56.8**
compared to 2015	-7.2%	38.6%	68.9%	72.5%	8.4%	-3.4%	-9.2%	-7.2%
World merchandise trade, volume, % YoY	**0.1 %**	**-5.4 %**	**9.0 %**	**2.3 %**	**-0.9 %**	**2.7 %**	**4.6 %**	**1.9 %**
World real GDP, % YoY	**2.9 %**	**-2.7 %**	**6.6 %**	**3.8 %**	**3.3 %**	**3.4 %**	**3.4 %**	**2.5 %**
CPI, global, % YoY	**3.6 %**	**3.3 %**	**4.7 %**	**8.7 %**	**6.7 %**	**5.8 %**	**4.1 %**	**5.0 %**

Source: IATA Sustainability and Economics, WTO, IMF.

4. Airline financial performance

The accumulation of overlapping geopolitical shocks in recent years has pushed the industry into a more volatile regime, where conditions evolve faster and with less predictability.

In a stable environment, simplicity drives efficiency—lean cost structures, homogeneous, ultra-fuel-efficient fleets, and point-to-point models. In a more volatile regime, flexibility and optionality become necessary as agility trumps efficiency. This includes greater network flexibility, the ability to redeploy aircraft as geopolitical conditions change or demand patterns shift, and to match aircraft size better to fluctuating demand. Previously less enviable features such as a high share of low-profit transfer traffic or higher fleet diversity, can confer strategic advantages in a constantly shifting environment.

Airline revenues continue to benefit from sustained demand going into 2026 and are further supported by elevated load factors and a modicum of pricing power. These supporting factors are expected to wane as the year progresses. Capacity constraints, driven by aircraft shortages and supply chain disruptions, have prevented a full normalization of supply, keeping yields above pre-crisis levels. As a result, top-line performance has remained resilient, even as traffic growth has moderated.

The unprecedented increase in jet fuel prices—both in terms of size and speed, radically transforms the outlook for the airline industry in 2026. Non-fuel costs are also rising, including maintenance and airport charges, higher costs for operating older aircraft for longer, lease rates, labor costs, etc.

In an environment of elevated fuel prices, fuel efficiency becomes a critical source of competitive advantage. Airlines with newer, more efficient fleets are better positioned to absorb the fuel-price shock, while those operating older aircraft face higher unit costs and greater exposure to volatility. However, scope for short-term gains from fleet modernization is limited, as delivery delays and fleet constraints slow the pace of renewal. This increases the importance of existing fleet composition, making fuel efficiency a key driver of relative performance across airlines.

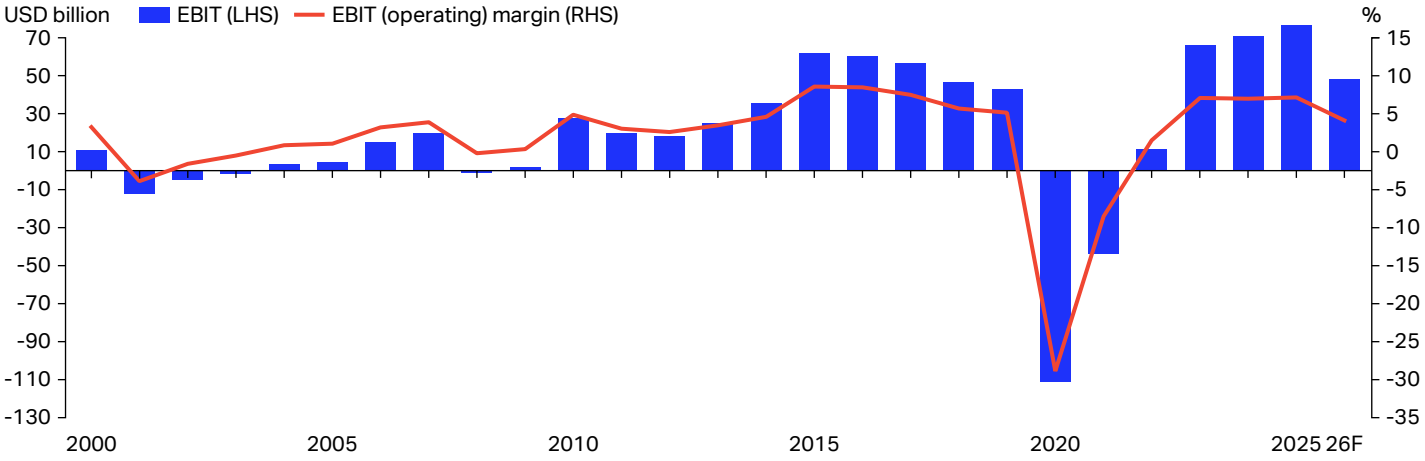
Profitability is increasingly driven by the balance between strong revenues and rising costs. Margins will remain under pressure, as full pass-through of higher fuel costs is unlikely. Support comes from strong demand, constrained supply, hedging, and capacity discipline. Regional divergence is also widening, driven by differences in fuel exposure, hedging, and market conditions.

The changing operating environment is also reshaping airline business models. In a structurally higher-cost environment, cost leadership alone is no longer sufficient, reducing the relative advantage of pure low-cost strategies. At the same time, network carriers have responded with deeper unbundling and tighter cost discipline. The result is a gradual convergence toward the middle of the market, between traditional low-cost and full-service models.

Balance sheets have improved significantly since the peak of the covid pandemic, supported by strong cash generation and deleveraging. At the same time, industry growth has been supported by increases in both absolute debt and cash holdings. Keeping high cash reserves may not be capital-efficient in a narrow sense. However, it is key to survival in periods of extreme stress.

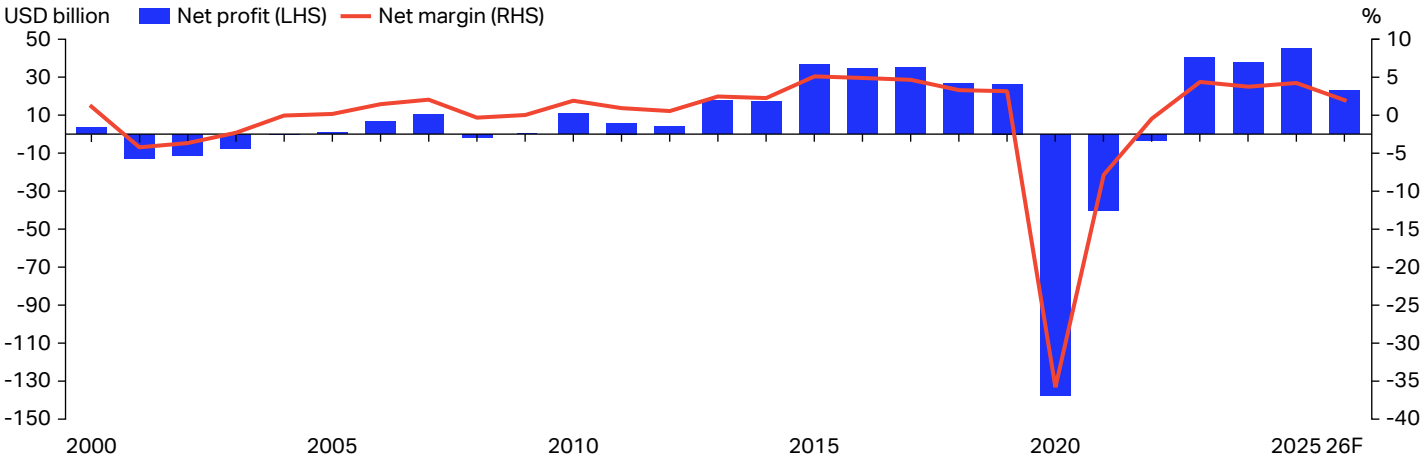
The industry should remain profitable in 2026, with EBIT expected to come in at USD 48 billion, implying a margin of 4.1% compared with 7.2% estimated for 2025 (Chart 15). Net profit will likely be USD 23 billion, implying a 2.0% margin, which, excluding the covid period, would be the weakest in 13 years (Chart 16). Net profit per passenger stands at a modest USD 4.5, well below the record USD 10.1 in 2016, but nevertheless slightly above the 35-year median of USD 3.4. As the energy shock is not expected to reduce capacity materially, airlines should still be able to cover fixed costs. Airlines will also be forced to trim less profitable routes to protect margins. While profitability will weaken, a broad return to losses appears unlikely at this stage.

Chart 15: Global airline EBIT (earnings before interest and taxes), USD billion, and EBIT margin, % of revenue



Source: IATA Sustainability and Economics using data from Airfinance Global.

Chart 16: Global airline net profit, USD billion, and net profit margin, % of revenue



Source: IATA Sustainability and Economics using data from Airfinance Global.

Table 6: Summary of key air transport industry finance metrics

Global airline industry	2019	2020	2021	2022	2023	2024	2025E	2026F
Passenger revenue, USD billion	**607**	**189**	**242**	**437**	**669**	**726**	**768**	**839**
% change YoY	0.3%	-68.9%	27.9%	80.9%	53.2%	8.4%	5.9%	9.2%
Cargo revenue, USD billion	**101**	**140**	**210**	**206**	**139**	**147**	**151**	**162**
compared to 2014	-11.1%	39.3%	49.6%	-1.7%	-32.9%	5.9%	2.9%	7.2%
Ancillary and other revenue, USD billion	**130**	**55**	**61**	**95**	**122**	**137**	**146**	**165**
% change YoY	38.9%	-57.6%	10.9%	55.7%	28.9%	11.6%	7.0%	12.6%
EBIT (operating profit), USD billion	**43.1**	**-110.9**	**-43.5**	**11.3**	**66.1**	**70.7**	**76.4**	**48.0**
% margin	5.1%	-28.8%	-8.5%	1.5%	7.1%	7.0%	7.2%	4.1%
Net profit, USD billion	**26.4**	**-137.7**	**-40.4**	**-3.5**	**40.5**	**37.7**	**45.0**	**23.0**
% margin	3.1%	-35.8%	-7.9%	-0.5%	4.3%	3.7%	4.2%	2.0%

Source: IATA Sustainability and Economics.

The key assumptions underpinning the 2025 financial forecast:

- Global GDP in 2026 is forecast to grow 2.5%, slightly below the long-term average, with risks skewed to the downside.
- Global inflation is expected to accelerate in 2026 to 5-6%, with the higher energy prices rippling across food, goods, and services.
- The average price of Brent crude oil is assumed to be USD 95 per barrel in 2026. The jet fuel crack spread is anticipated at USD 57 per barrel. This will bring the average jet fuel price to USD 152 per barrel in 2026, almost 70% higher YoY.
- We assume the price of SAF at USD 2,872 per tonne in 2026. This estimate reflects both a lower global market price of SAF and a higher price paid in the EU and in the UK where mandates add to oligopolistic pricing behavior.
- Obligations under CORSIA are projected to cost airlines between USD 1.2–1.6 billion in 2026, though uncertainty is elevated depending on price and traffic.

4.1 Revenue developments

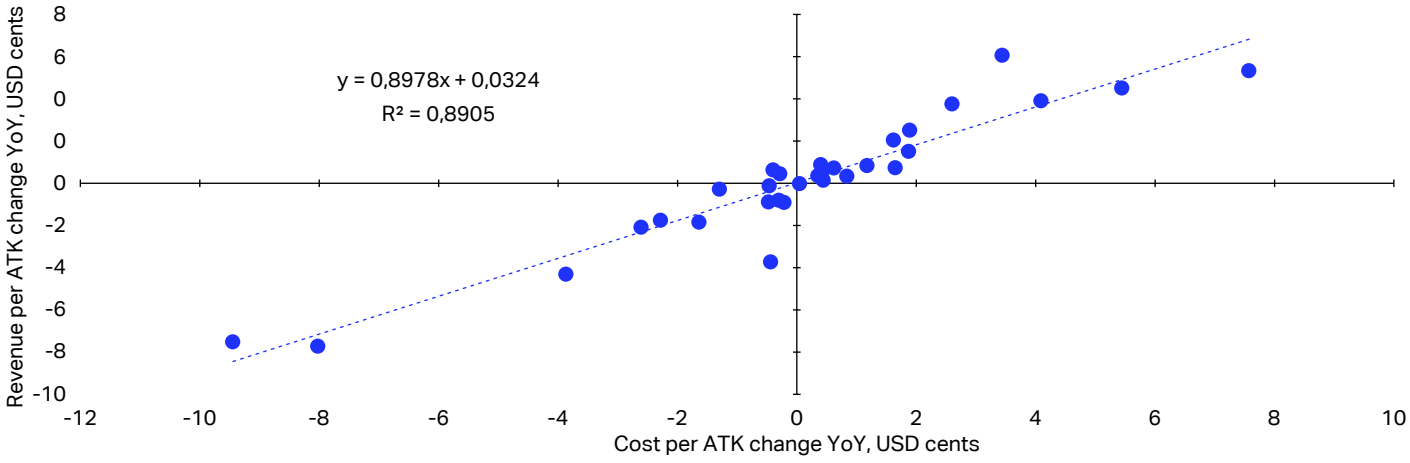
The war in Iran and the closing of the Strait of Hormuz has caused an energy-price crisis of massive proportions. Airlines, a structurally low-margin industry, face this major cost shock to fuel, which accounts for almost a third of operating costs.

With jet fuel prices expected to rise by almost 70%, fares will necessarily have to rise, or airlines will fail. Historically though, fuel costs have not tended to be fully passed on to customers (Chart 17).

It is also important to note that unit fuel cost growth does not fully reflect short-term jet fuel price increases, as hedging dampens and delays their impact. Past fuel hedging will smooth the impact of the higher jet fuel prices for some airlines, though this advantage might fade into the second half of the year.

Given the structurally low margins of the industry, there is limited capacity to absorb higher costs.

Chart 17: Unit cost growth, YoY compared with unit revenue growth, YoY, USD cents per ATK, 1991-2025



Source: IATA Sustainability and Economics.

Revenue architecture will play a central role in managing this shock. Airlines increasingly rely on diversified revenue streams to absorb cost pressures. Unbundled pricing allows carriers to spread increases across multiple components of the ticket rather than relying solely on base fares. Ancillary revenues can be adjusted more flexibly, helping to smooth headline fare increases and limit the immediate impact on price sensitivity.

Cargo provides an additional stabilizing channel. While inherently volatile, it offers diversification and improves aircraft utilization, particularly when passenger demand becomes more price sensitive. Longer maritime transit times continue to support air cargo demand for transporting high-value, time-critical goods, providing a structural underpinning for the market.

The industry continues to operate under significant supply constraints. Aircraft shortages, driven by delivery delays and engine availability issues, have already limited traffic growth. The current geopolitical situation is further reducing effective capacity. Airspace closures, longer routings, and the temporary loss of capacity in parts of the Middle East are removing supply from the market. This will have ripple effects across the global network and could imperil service on some less profitable routes. As a result, the industry is facing not only a cost shock but also a supply shock. In such an environment, the imbalance between underlying demand, which seems to hold well, and constrained capacity tends to support yields.

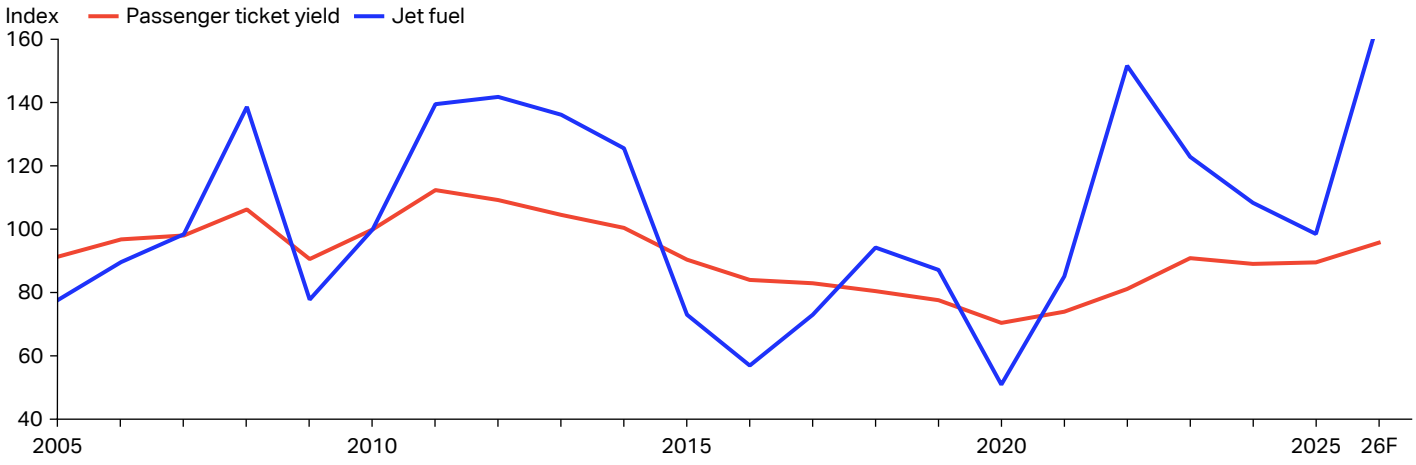
Passenger ticket revenues are expected to reach USD 839 billion in 2026, up 9.2% YoY, as fares rise to cover higher fuel costs. Alongside base fare increases, airlines are expected to rely more heavily on ancillary revenues, particularly for baggage and seat selection. As a result, ancillary revenues are projected to outpace ticket revenue growth, rising by 12.6% YoY to USD 165 billion.

With demand slowing but still growing, and capacity constraints becoming more severe, the industry should be able to maintain high load factors. This, together with a strategic review of capacity allocation, should help improve unit revenue and reduce pressure on fare adjustments.

Cargo revenues are expected to reach USD 162 billion, up 7.2% YoY, supported by higher yields

Revenue per available tonne kilometer (ATK) is expected to grow by 8.8%. Outside of the extraordinary period of the covid recovery, an increase of this magnitude only occurred recently in 2008, when the jet fuel price rose by 40% year-on-year, and in 2010, following the 2009 global financial crisis and subsequent jump in the price of jet fuel.

Chart 18: Global airline passenger ticket yield (revenue in USD per RPK) and jet fuel price, index, 2010 = 100



Source: IATA Sustainability and Economics, DDS, S&P Global Energy Platts.

4.2 Cost developments

The conflict in the Middle East has disrupted refined product markets, pushed jet fuel prices to record highs, and caused a major shock to the airline industry. As fuel typically accounts for around one third of total operating costs, this shock is hitting the industry's largest cost component.

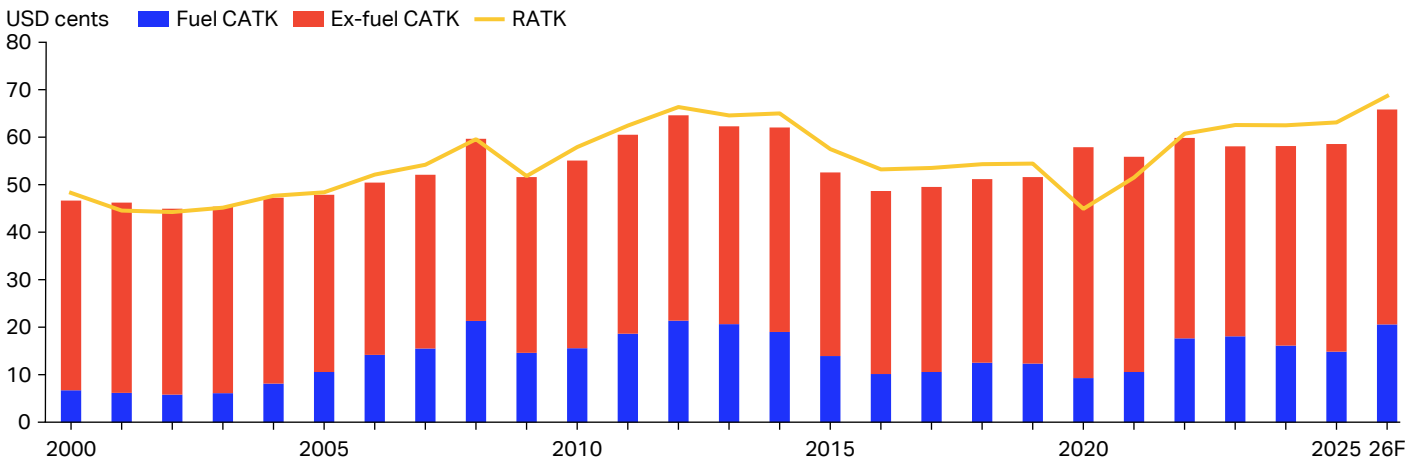
How jet fuel costs feed through to airline cost bases depends on the unwinding of hedging positions. As carriers progressively roll onto higher market prices, the cost impact will become increasingly visible. This strengthens incentives to adjust pricing, while also reinforcing the need to optimize capacity and network deployment to limit fuel exposure. We assume that, despite a 69% YoY increase in jet fuel market prices, the unit fuel cost per ATK will rise only by 39% YoY, due to hedging activities (Chart 19). We would expect a larger impact next year if prices do not normalize. On the flipside, even if the conflict were to end soon, elevated jet fuel prices are likely to persist as supply chains need to re-assemble.

Cost pressures also extend beyond fuel. Maintenance expenses continue to rise as airlines operate older aircraft and utilize them more heavily. Persistent supply chain disruptions constrain the availability of spare parts, adding further upward pressure on costs. Airport and air navigation charges too are up sharply, and ownership costs remain elevated. High lease rates and limited aircraft availability are pushing up the cost of accessing capacity. Airlines are increasingly relying on mid-life aircraft at higher lease rates, which, combined with lower fuel efficiency, adds to overall cost pressures.

There are, however, some mitigating factors. The USD has weakened against most trading partners, providing partial relief for non-US airlines, as a large share of industry costs, roughly 60%, is denominated in USD. While the exchange rate has stabilized more recently, we would expect a depreciation of around 5% in 2026, slightly offsetting higher input costs when expressed in local currencies.

Despite all the pressure, annual growth in non-fuel costs is beginning to moderate, although mostly thanks to the high base. After a period of substantial wage increases across the industry, labor cost growth is expected to slow. While wage levels remain elevated, most post-pandemic salary adjustments have been implemented. As a result, non-fuel costs are still expected to increase in 2026, but at a slower pace than in recent years.

Chart 19: Global airline unit cost breakdown and unit revenue, USD cents per ATK



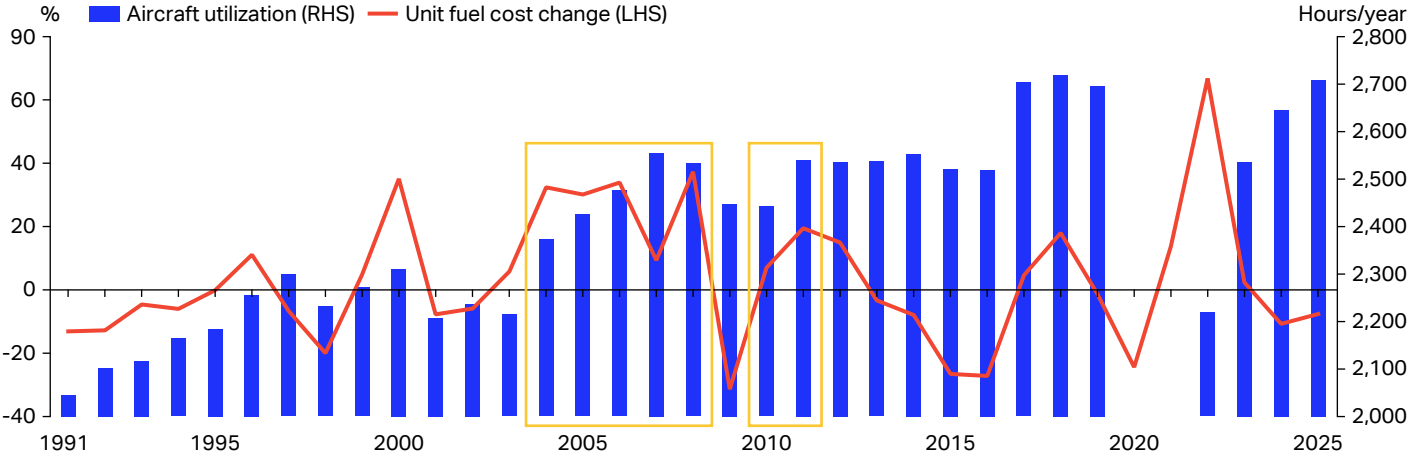
Source: IATA Sustainability and Economics using data from Airfinance Global.

In previous episodes of rising fuel prices, airlines responded by improving utilization and enforcing strict cost discipline, partly offsetting the shock. This was particularly visible between 2004 and 2008 and between 2010 and 2011 (Chart 20). The current environment is different. After the pandemic recovery, most efficiency gains have already been exhausted, with fleets operating at the highest utilization rates in the history of aviation, leaving limited scope for further cost optimization.

The remaining adjustment is therefore more tactical. Airlines may rationalize capacity by trimming less profitable routes or reducing frequencies, which can support yields and slightly reduce fuel exposure, but this provides only limited relief. At the same time, many cost pressures are outside airlines' control. Maintenance costs are rising due to aging fleets and supply constraints, while airport and air navigation charges are increasing. As a result, the industry has less flexibility than in previous cycles to absorb higher costs.

Non-fuel costs are forecast to rise by 4% YoY, the slowest pace since the post-pandemic period began, reaching USD 767 billion in 2026. Unit costs per ATK excluding fuel are expected to increase by 3.5% in 2026, down from 4.0% in 2025.

Chart 20: Change in unit fuel cost (per ATK), % YoY, and average aircraft utilization, hours/year per aircraft



Source: IATA Sustainability and Economics, Cirium Fleets Analyzer.

Table 7: Summary of key profitability metrics

Global airline industry	2019	2020	2021	2022	2023	2024	2025E	2026F
ROIC, % invested capital	**5.8%**	**-19.3%**	**-8.0%**	**2.0%**	**6.9%**	**6.9%**	**6.6%**	**4.3%**
EBIT (operating profit), USD billion	**43.1**	**-110.9**	**-43.5**	**11.3**	**66.1**	**70.7**	**76.4**	**48.0**
% margin	5.1%	-28.8%	-8.5%	1.5%	7.1%	7.0%	7.2%	4.1%
EBITDAR, USD billion	**152.8**	**-26.9**	**37.6**	**106.6**	**169.3**	**171.5**	**180.7**	**156.5**
% margin	18.2%	-7.0%	7.3%	14.4%	18.2%	17.0%	17.0%	13.4%
Net profit, USD billion	**26.4**	**-137.7**	**-40.4**	**-3.5**	**40.5**	**37.7**	**45.0**	**23.0**
% margin	3.1%	-35.8%	-7.9%	-0.5%	4.3%	3.7%	4.2%	2.0%
Net profit per passenger, USD	**5.8**	**-77.4**	**-17.5**	**-1.0**	**9.2**	**7.9**	**9.1**	**4.5**

Source: IATA Sustainability and Economics.

Cost of capital

The cost of capital for the airline industry is expected to remain broadly stable in 2026 and is projected to remain close to 8.5%. Returns, by contrast, are expected to deteriorate. The sharp increase in fuel costs, combined with only partial pass-through to fares, is likely to compress margins and reduce operating profits. Return on invested capital (ROIC) is therefore forecast to fall to around 4.3% in 2026, reversing part of the improvement recorded in recent years. The widening gap between ROIC and WACC underscores a long-standing structural weakness of the industry: even relatively moderate profitability shocks can quickly erode capital efficiency.

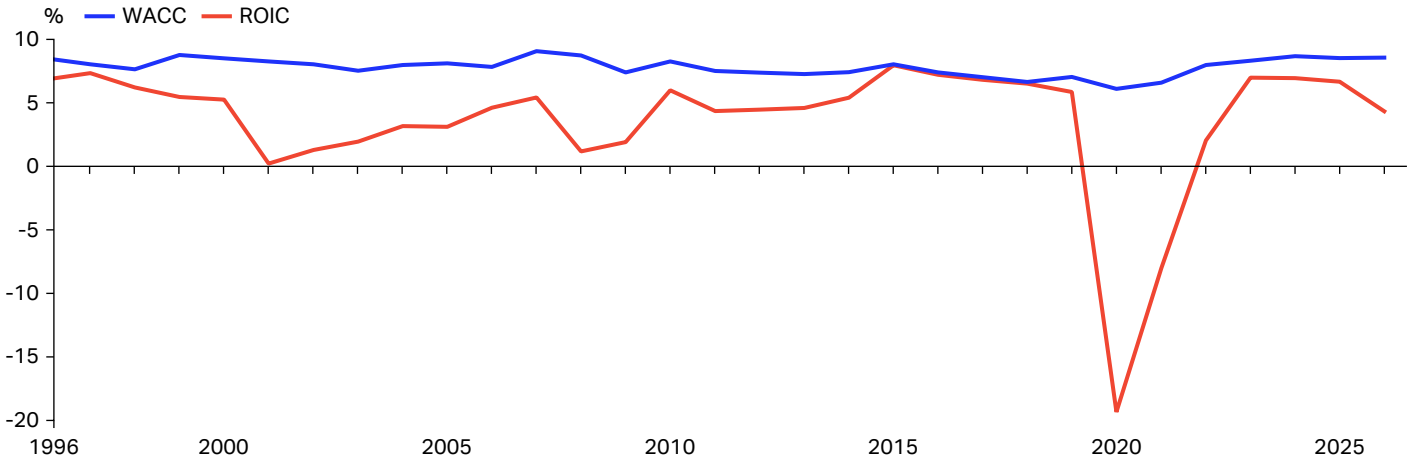
This effect is amplified by the industry's high operating leverage. With a large share of costs fixed in the short term, margin compression has a disproportionate impact on returns. At the same time, capital intensity remains elevated. Aircraft shortages continue to push up lease rates and asset values, expanding the capital base against which returns are measured. The combination of weaker profits and a larger invested capital base mechanically reduce ROIC.

Balance sheet strategies also play a role. Since the pandemic, airlines have maintained significantly higher liquidity buffers than before the crisis. While this strengthens resilience and lowers financial risk, it also dilutes return metrics by increasing invested capital. Similarly, a growing level of equity financing, following several years of stronger profitability, has improved balance sheet strength but raised the overall weighted cost of capital and increased the value of invested capital. The value of balance sheet equity has nearly doubled since the pandemic.

A somewhat weaker US dollar provides modest support by lowering debt (mostly denominated in USD) in local currency. High utilization of existing fleets continues to underpin asset productivity, partially offsetting elevated capital intensity. These effects, however, are insufficient to counterbalance the drag from margin compression and elevated cash holdings.

Overall, the outlook for 2026 points to renewed divergence between the cost of capital and the industry's returns. While WACC remains broadly stable, ROIC is expected to decline, widening the gap between the two. In the current environment, with profitability under pressure and limited scope for further efficiency gains, closing this gap becomes increasingly difficult.

Chart 21: Global airline industry return on invested capital, and the weighted average cost of capital, % of invested capital, 1996-2026



Source: IATA Sustainability and Economics using data from Airfinance Global.

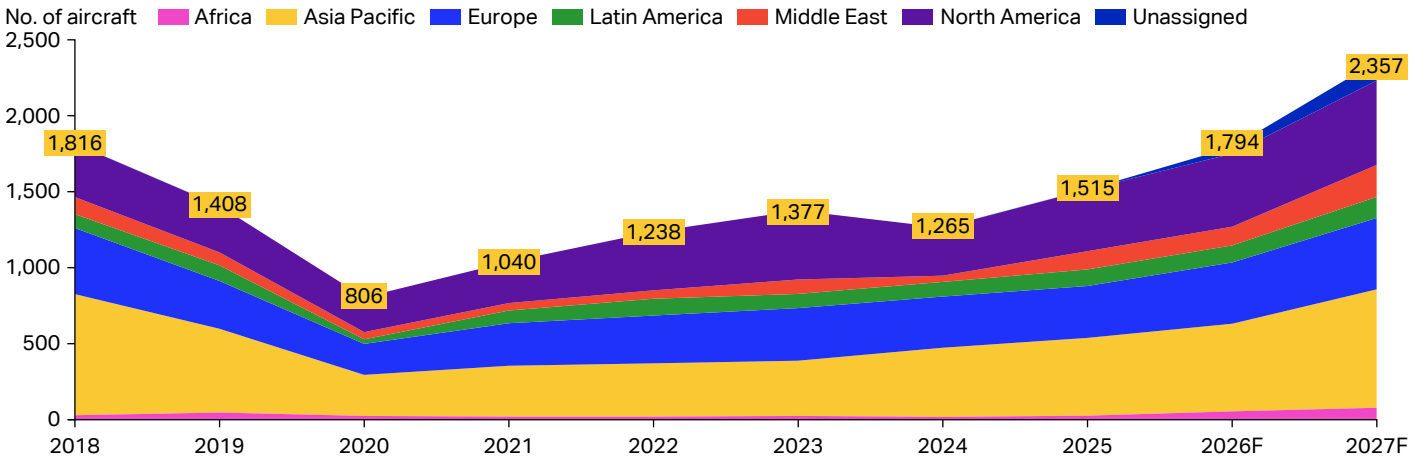
Aircraft and ownership

Aircraft availability remains one of the most binding constraints on the airline industry, shaping both growth prospects and financial performance in 2026. The current geopolitical environment is likely to intensify this challenge further. Ongoing disruptions to global supply chains and operational constraints linked to the Middle East conflict are adding pressure to an already tight market, reinforcing the existing aircraft shortage.

Despite a gradual recovery in deliveries, supply conditions remain structurally constrained. Aircraft production is increasing (Chart 22), but not at a sufficient pace to close the gap created during the pandemic. Deliveries remain below pre-covid peak levels and are therefore still unable to shrink the accumulated shortfall. At the same time, demand for new aircraft remains strong, with orders continuing to exceed deliveries. As a result, the backlog is still expanding rather than normalizing.

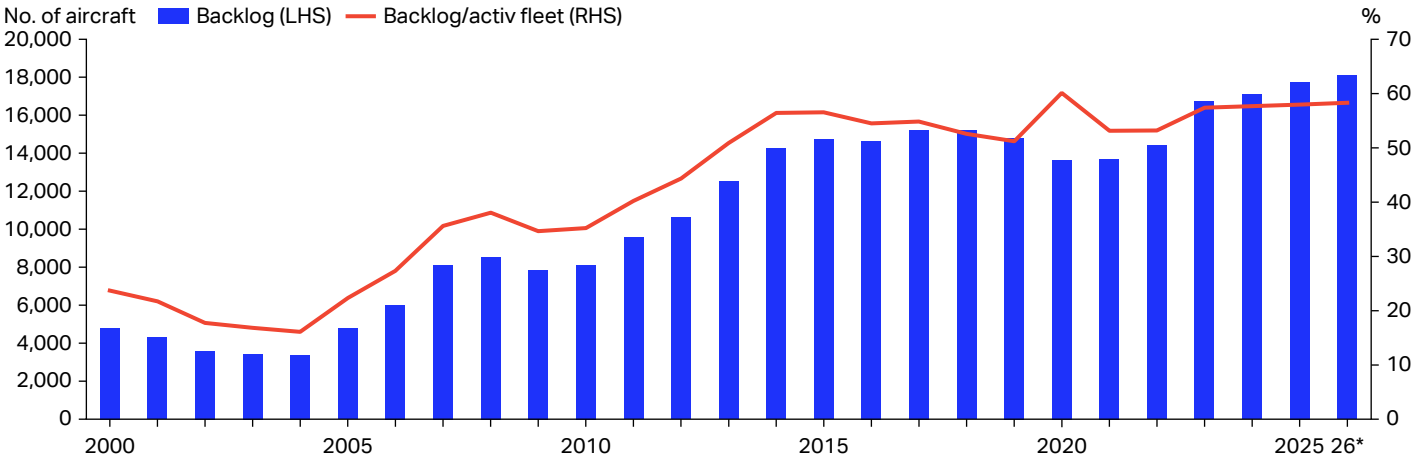
The hypothetical delivery gap, measured against a scenario where activity had remained on its pre-pandemic trend, amounts to a shortfall of approximately 5,600 aircraft. The total order backlog reached 18,100 aircraft in May 2026, equal to almost 60% of the active fleet (Chart 23). However, airlines have so far been able to absorb a significant share of the missing capacity through a combination of operational and commercial adjustments. Airlines have extended the life of existing aircraft, increased daily utilization and operated at higher load factors, allowing them to partially offset the impact of delayed deliveries.

Chart 22: Aircraft deliveries by region



Source: IATA Sustainability and Economics, Cirium Fleets Analyzer.

Chart 23: Aircraft order backlog and its relation to the active fleet



Source: IATA Sustainability and Economics, Cirium Fleets Analyzer.

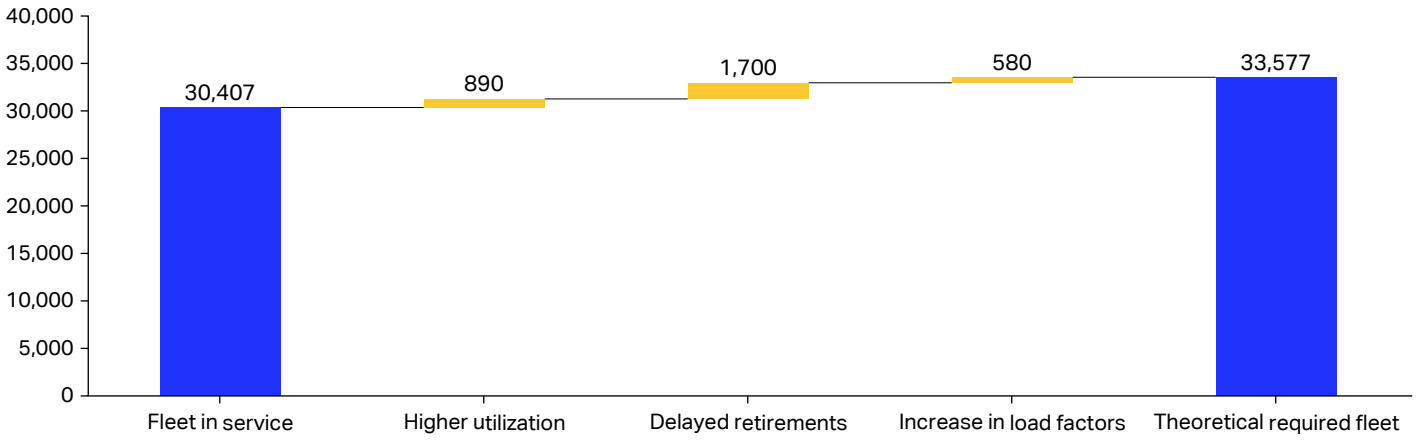
* Data for May 2026.

A more informative measure of the effective shortage can be derived by comparing current operating patterns with those prevailing before the pandemic. This comparison can be interpreted as the number of additional aircraft required for the industry to return to more normal operating conditions. On this basis, the aircraft shortage implied by increased utilization is estimated at around 890 aircraft,[6] while delayed retirements and aging fleets account for a further 1,700 aircraft.[7] In addition, elevated load factors reflect another way to absorb the shortage. If pre-covid load factors are taken as a proxy for equilibrium, the increase observed in recent years implies an additional capacity absorption equivalent to around 580 aircraft.[8] Taken together, airlines are currently absorbing an effective shortage of approximately 3,170 aircraft (Chart 24).

While these adjustments demonstrate the industry's ability to adapt, they are increasingly reaching their limits. Utilization rates are already at historically high levels, leaving limited scope for further gains without undermining operational resilience. At the same time, continued reliance on older aircraft and tighter capacity conditions introduce additional risks, including reduced schedule reliability, greater exposure to maintenance disruptions, and increased sensitivity to external shocks.

The shortage is also generating additional costs. Aircraft lease rates have risen to record levels, reflecting limited asset availability and strong demand from airlines seeking to expand or renew fleets. Values of mid-life aircraft have increased sharply as carriers turn to the secondary market in the absence of sufficient new deliveries, raising the cost of accessing capacity and increasing capital intensity across the industry.

Chart 24: Estimated aircraft shortage absorbed by the industry and theoretical required active fleet



Source: IATA Sustainability and Economics, Cirium Fleets Analyzer.

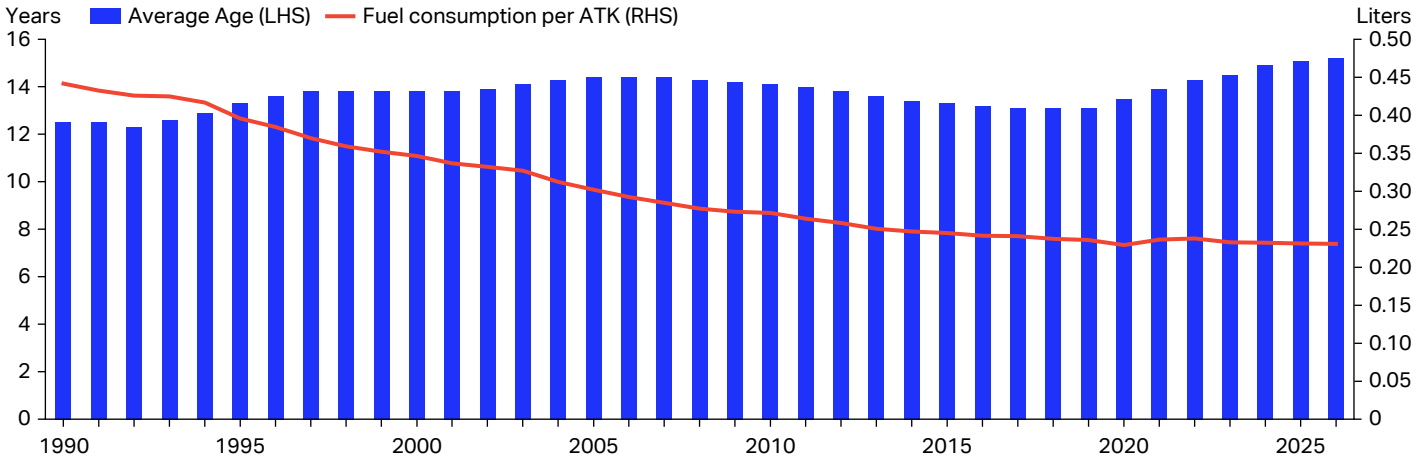
6 Comparison of average aircraft utilization in hours in 2025 compared with 2015-2019 average.
7 Comparison of average aircraft retirement rate as % share of total fleet over 2020-2026 with average retirement rate over 2015-2019.
8 Implied from converting the excess of actual load factors over normal levels (2017-19 average) into the additional capacity that would be required to serve the same traffic at normal load factors and expressing this capacity gap in aircraft equivalents.

Delayed fleet renewal has broader cost implications. The average age of an aircraft now exceeds 15 years. Older aircraft are less fuel-efficient and require more maintenance, reinforcing upward pressure on both fuel and non-fuel costs. This creates a negative feedback loop in which the shortage not only constrains growth but also raises the cost base, further complicating efforts to sustain profitability (Chart 25).

Overall, the aircraft shortage remains a central structural constraint for the industry. While it continues to support yields by limiting capacity, it also caps growth, raises costs, and halts gains in fuel efficiency, curbing progress on reducing CO2 emissions. In the current environment, with additional geopolitical disruptions affecting global supply chains, the risk is that this imbalance becomes entrenched.

The extent to which the remaining shortage translates into foregone growth is inherently difficult to estimate. One way to approximate this effect is by examining the relationship between air traffic and economic activity. Historically, RPK has expanded at around 1.7 times global GDP growth over the long term. However, in recent years, before covid, when GDP growth was comparable, this ratio expanded to roughly 2.0 times. In 2025, it declined to roughly 1.6. Hence, capacity constraints may have reduced demand growth by 1.5 to 2 percentage points in 2025, as some passengers were priced out or unable to secure capacity, particularly during peak periods.

Chart 25: Average age of global fleet and average fuel consumption, liters per ATK



Source: IATA Sustainability and Economics, Cirium Fleets Analyzer.

Labor

Labor cost pressures are expected to ease after a period of sizeable wage increases across the industry. While pay levels remain elevated, most post-pandemic adjustments are now in place, reducing the scope for further rapid increases. That said, labor markets remain tight in several regions, particularly in Europe, where industrial action continues to pose operational risks and may lead to localized disruptions.

Labor productivity has yet to recover fully to pre-covid levels, with output per employee still below historical benchmarks. This reflects a combination of staffing constraints, recovery-phase inefficiencies, and structural changes in airline operations. As a result, even as labor cost growth slows, unit labor costs remain elevated, continuing to weigh on overall cost efficiency.

Geopolitical tensions in the Middle East may also affect labor dynamics through their impact on operations. Rerouting, longer flight times, and airspace restrictions reduce efficiency, lowering output per employee and increasing labor intensity. In addition, schedule adjustments and precautionary capacity changes in affected regions may result in temporary staff underutilization. Taken together, these factors are likely to weigh modestly on productivity.

Staffing levels also remain relatively inflexible in the short term, limiting airlines' ability to adjust employment in response to changing conditions. Airlines are expected to maintain higher staffing buffers, prioritizing operational resilience over efficiency.

Persistent shortages of skilled labor remain a structural constraint, particularly regarding pilots, engineers, and technical staff. Training pipelines involve long lead times, and the post-covid recovery has exposed gaps in experienced personnel as demand rebounded faster than workforce capacity could adjust. A higher share of newly recruited, less experienced staff also weighs on productivity, as training requirements and operational ramp-up reduce efficiency. As a result, even where headcount has more than recovered, effective labor capacity remains below pre-covid levels.

Table 8: Summary of key industry labor metrics

Global airline industry	2019	2020	2021	2022	2023	2024	2025E	2026F
Labor costs, USD billion	**180**	**141**	**150**	**178**	**215**	**242**	**260**	**271**
% change YoY	3.5%	-21.5%	6.5%	18.5%	21.0%	12.4%	7.6%	4.0%
Employment, million	**2.9**	**2.8**	**2.6**	**2.8**	**3.0**	**3.19**	**3.30**	**3.33**
% change YoY	0.3%	-6.2%	-5.5%	7.1%	8.0%	6.0%	3.5%	1.0%
Productivity, thousand ATK/employee	**525**	**311**	**383**	**437**	**495**	**506**	**512**	**509**
% change YoY	2.6%	-40.8%	23.1%	14.0%	13.4%	2.3%	1.1%	-0.5%
Unit labor costs, USD cents/ATK	**11.7**	**16.5**	**15.1**	**14.6**	**14.5**	**15.0**	**15.4**	**16**
% change YoY	0.6%	41.4%	-8.5%	-3.0%	-1.2%	3.6%	2.9%	3.5%
Average cost per employee, USD	**61,254**	**51,300**	**57,770**	**63,933**	**71,605**	**75,902**	**78,938**	**81,306**
% change YoY	3.2%	-16.3%	12.6%	10.7%	12.0%	6.0%	4.0%	3.0%

Source: IATA Sustainability and Economics.

Jet Fuel

The disruption around the Strait of Hormuz is unfolding against an already challenging jet fuel market. Refining systems operate with limited spare capacity, supply chains are inflexible, and inventories offer only a temporary buffer. As a result, disruptions to crude flows tend to translate into more persistent tightness in refined products, with jet fuel particularly affected.

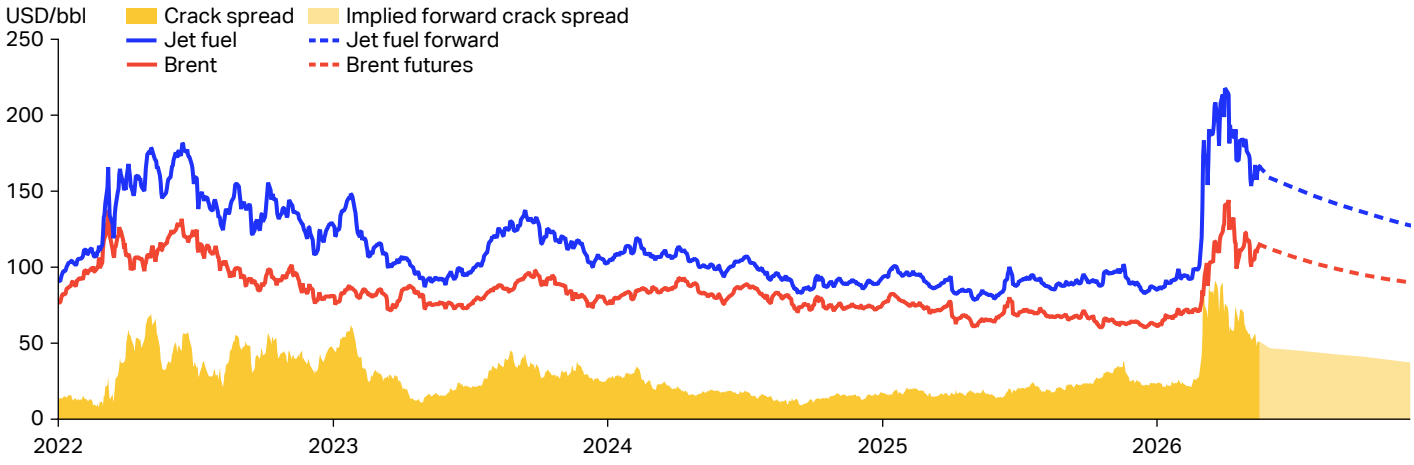
This shock comes on top of structural constraints that predate the current situation. The reconfiguration of global crude flows following the reduction in Russian oil availability has increased reliance on longer supply chains and reduced flexibility within refining systems. Jet fuel markets have therefore been operating with elevated crack spreads and limited spare capacity, leaving little room to absorb additional disruptions.

Hedging provides only partial protection against these dynamics and varies significantly across regions. Globally, airlines have hedged roughly one third of their expected fuel consumption for 2026, which helps smooth short-term cost volatility but does not eliminate exposure to sustained price increases. Furthermore, many airlines hedge against movement in crude oil prices, as this market is more liquid, which leaves them exposed to increases in the crack spread. There are also pronounced regional differences. North American carriers tend to benefit from lower fuel prices, with jet fuel currently trading around USD 5–10 per barrel below the global average, reflecting local supply conditions. However, airlines from North America have the lowest hedge ratio in the world, and the US Westcoast is also experiencing high jet fuel prices, due to structural dependence on imports from Asia.

In contrast, European and Asian markets are experiencing tighter conditions currently, with prices around USD 5–10 per barrel above the global average. While European airlines are mostly hedged for 2026, the hedging approach in Asia is mixed and limited, leaving this region mostly exposed to higher jet fuel prices. These divergences imply that the impact of the current disruption will not be uniform across airlines, with carriers in more exposed regions facing a stronger cost shock.

If disruptions were to continue, jet fuel crack spreads could exceed USD 57 per barrel in 2026, implying sustained upward pressure on airline fuel costs. Additionally, given the current situation and the crude oil futures curve, it is unlikely that the average price of crude oil will be below USD 95 per barrel. This leads us to forecast a jet fuel price of USD 152 per barrel, which is almost 70% higher than in 2025.

Chart 26: Brent crude oil price with futures curve, jet fuel price, and jet crack spread, USD per barrel



Source: IATA Sustainability and Economics, Platts – Global Commodity Insights.

Table 9: Summary of key industry fuel metrics

Global airline industry	2019	2020	2021	2022	2023	2024	2025E	2026F
Fuel spend, USD billion	**190**	**80**	**106**	**215**	**269**	**261**	**252**	**350**
% change YoY	1.5%	-58.0%	32.3%	103.6%	25.2%	-3.2%	-3.5%	39.3%
% of operating costs	23.9%	16.1%	19.0%	29.6%	31.2%	27.8%	25.4%	31.4%
Fuel use, billion gallon	**96**	**52**	**62**	**76**	**92**	**99**	**104**	**104**
% change YoY	2.2%	-45.9%	19.9%	22.9%	19.9%	8.2%	4.4%	0.0%
Fuel efficiency, liter/100 ATK	**23.6**	**23.0**	**23.7**	**23.8**	**23.3**	**23.2**	**23.2**	**23.1**
% change YoY	-0.6%	-2.7%	3.0%	0.7%	-2.1%	-0.3%	-0.2%	-0.5%
Fuel consumption, liter per 100 km/passenger	**4.2**	**6.6**	**6.5**	**4.8**	**4.2**	**4.2**	**4.1**	**4.0**
% change YoY	-1.8%	58.0%	-1.6%	-25.4%	-12.4%	-2.2%	-0.9%	-2.0%
Fuel market price, USD/barrel	**80**	**47**	**78**	**139**	**112**	**99**	**90**	**152**
% change YoY	-7.4%	-41.5%	67.0%	78.1%	-18.9%	-11.8%	-9.1%	68.8%
Spread over crude oil price, USD/barrel	**15**	**5**	**7**	**38**	**30**	**18**	**21**	**57**
SAF price, USD / tonne	**-**	**-**	**-**	**2,500**	**2,500**	**2,316**	**2,492**	**2,872**
% change YoY		-	-	0.0%	0.0%	-7.4%	7.6%	15.3%
x jet fuel price	-	-	-	2.4	2.9	3.1	3.6	2.5
CORSIA cost, USD million	**-**	**-**	**-**	**-**	**-**	**1,000**	**1,300**	**1,400**

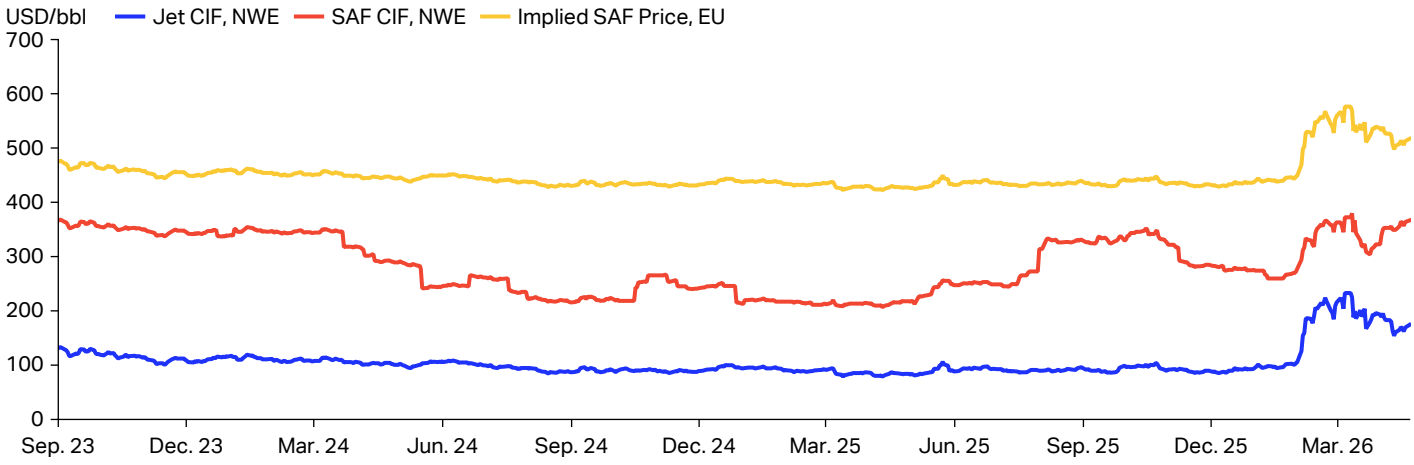
Source: IATA Sustainability and Economics.

Sustainable Aviation Fuel, CORSIA, and EU ETS

Sustainable Aviation Fuel (SAF) is the biggest lever in the airline industry's energy transition, and its production must scale rapidly. From around 1.9 million tonnes in 2025, roughly doubling the volumes achieved in 2024, global SAF output is expected to grow more slowly to about 2.4 million tonnes in 2026 (Chart 28).

At this level, SAF would account for a mere 0.8% of total jet fuel consumption in 2026. At an assumed average SAF price level of USD 2,872 per tonne (USD 374 per barrel), the SAF premium translates into an additional USD 4.3 billion in fuel costs for the industry this year.

Chart 27: Implied EU SAF [9], traded SAF and Conventional Aviation Fuel Prices, USD/tonne



Source: IATA Sustainability and Economics, S&P Global Energy Platts.

9 Disclaimer: The SAF compliance fees as shown reflect the aggregated levels across several EU airports. The data is obtained from a sample of airlines operating at these EU airports.
The sample may not be representative. Further, compliance fees vary significantly across different airports. In addition, airlines may have different fuel supply models, so not every airline will have the same fuel cost structure or exposure to the SAF compliance fees.

Clearly, the nature of the current energy crisis would have been very different if investments in SAF production had been prioritized sooner. As of now, price of SAF is very high, and higher still in regions and countries with blending mandates. That is unsurprising because mandates that are introduced before supply is assured, will push SAF prices higher.

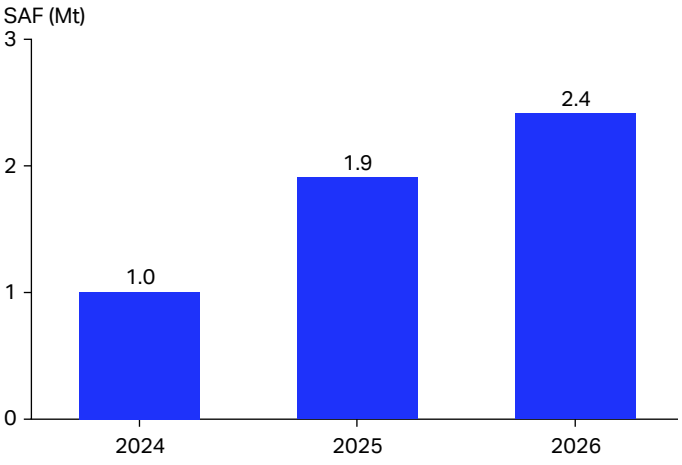
Airlines have entered 186 SAF purchase agreements since the first announcement in 2013 and as many as 166 between 2021 and March 2026 (Chart 29), demonstrating material demand. As many as 40 agreements were signed in 2025, marking the highest annual total on record. However, deal tenures have generally shortened due to elevated project and pricing risks for airlines.

HEFA SAF continues to dominate the market, with nearly all SAF currently available produced either in standalone HEFA refineries or through co-processing that leverages existing conventional refinery assets. Among the SAF purchase agreements signed since 2022, HEFA accounts for more than 70% of all the deals. Interest in emerging pathways remains significant, led by Power-to-Liquid (PtL) SAF at 10%, followed by Alcohol-to-Jet (AtJ) and Fischer–Tropsch (FT), each representing around 7% of the agreements signed.

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is the global market-based carbon offsetting mechanism for international aviation under the auspices of the International Civil Aviation Organization (ICAO), designed to stabilize international aviation emissions from 2021. The estimated offsetting requirements in 2025 range between 58.8 Mt to 81.5 Mt (with a mid-value of 70.2 Mt). These estimates are based on IATA's expectations for international aviation emissions in 2025, with official figures expected from ICAO in October 2026. The cost to airlines could fall between USD 1.2–1.6 billion in 2026, subject to the price of CORSIA-eligible emissions units, and traffic levels.

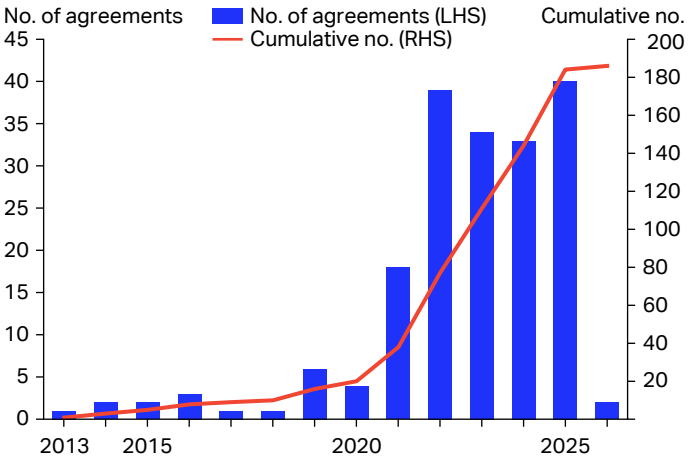
Airlines operating within the European Economic Area (EEA) are subject to the EU Emissions Trading System (EU ETS), which requires carriers to surrender EU ETS allowances (EUAs) for their CO2 emissions generated within the EEA. The policy support for airlines that was provided in the form of a portion of free allowances will cease from 2026. This will increase the cost for airlines operating in this market. Airlines are expected to have purchased about 54 million EUAs at an average price of EUR 74 in 2025, resulting in an estimated cost of EUR 4 billion. In 2026, without the previous policy support and with a price potentially climbing to EUR 80, the annual costs might exceed EUR 5.4 billion.

Chart 28: Estimated SAF production, Mt



Source: IATA Sustainability & Economics.

Chart 29: SAF agreements announced by airlines as of Q1 2026



Source: IATA Sustainability & Economics.

4.3 Regions

Africa

Africa is likely to experience mixed effects from the current operating environment. On the positive side, the region could benefit from a reallocation of traffic away from the Middle East, particularly on connecting flows between Europe, Asia, and intra-African markets but also stimulate direct tourism traffic previously flying to Middle East. This substitution effect could support passenger volumes and lift load factors, which remain structurally below global averages and therefore offer scope for improvement if demand strengthens.

These potential gains are offset by significant cost-side vulnerabilities. African airlines remain highly exposed to imported jet fuel, including supplies routed through or influenced by Middle East markets. This leaves them sensitive to higher fuel prices and supply disruptions. Combined with typically lower aircraft utilization and weaker balance sheets, these pressures create a difficult trade-off, with revenue upside from traffic reallocation at risk of being eroded by higher operating costs.

Any benefits are also likely to be unevenly distributed. Gains should concentrate among a limited number of hub carriers with established connectivity linking Africa to Europe and Asia. Smaller and more fragmented operators are unlikely to see a material impact.

Structural constraints continue to limit the region's ability to fully capitalize on these opportunities. Weak infrastructure, fragmented airspace, and limited cross-border coordination reduce network efficiency and raise operating costs. In addition, limited financial capacity and access to capital restrict fleet expansion and network development. These factors, alongside generally thinner route networks, curtail the ability of many African airlines to scale operations and fully benefit from shifts in global traffic flows.

Asia Pacific

Asia Pacific airlines may face acute pressure from jet fuel shortages and higher fuel prices than in other regions, reflecting their heavy reliance on crude oil supplies from the Persian Gulf. This environment is already prompting capacity adjustments, with airlines cutting schedules both in response to physical fuel constraints and as a commercial reaction to sharply higher operating costs. At the same time, longer routings caused by airspace restrictions increase fuel burn, tightens effective capacity, and push up unit costs.

Several markets in the region remain structurally exposed. Countries such as Vietnam, Australia, and New Zealand rely almost entirely on imported jet fuel, leaving airlines highly vulnerable to supply disruptions and price volatility. These pressures are being amplified by the depreciation of several Asian currencies against the USD, which raises the local currency cost of fuel and other dollar-denominated expenses.

Despite these disruptions, demand fundamentals remain supportive. Both domestic and international passenger traffic continue to grow and are expected to remain resilient in the near term. Domestic demand is being driven primarily by China, while India and Australia have seen some volatility but continue to post underlying growth. International traffic has been more robust, and some Asia Pacific carriers have benefited from traffic diversion linked to the Middle East conflict, particularly on Europe–Asia routes. Hubs such as Singapore and Hong Kong have gained from increased direct connectivity to Europe, although the durability of these gains remains uncertain once conditions normalize and sixth-freedom operations through Middle Eastern hubs become fully viable again.

Air cargo markets in Asia Pacific are also expected to remain relatively firm. Disruptions at Middle Eastern hubs have created additional opportunities for Asia-based carriers to capture cargo traffic, particularly on Europe–Asia trade lanes. However, regulatory changes in Europe, including tighter customs requirements for low-value shipments, may weigh on e-commerce volumes. Overall, while cargo growth is likely to moderate, capacity constraints and rerouting effects should keep market conditions relatively tight.

Europe

Europe is facing significant cost pressure, reflecting its high reliance on jet fuel imports from the Persian Gulf. This exposure is partly mitigated by the highest level of fuel hedging among all regions, with some airlines having locked in up to 70% of fuel needs at pre-crisis prices. Hedging, however, provides only a temporary buffer. It delays rather than removes the impact of higher fuel costs, which are expected to feed through more fully as hedges roll off.

Europe has seen some gains from traffic reallocation, as disruptions at Middle Eastern hubs have increased the relative importance of direct connectivity between Europe and Asia, benefiting major hub airports and network carriers. These gains remain limited, however, as European airlines continue to face airspace restrictions over Russia, unlike some Asian competitors. Another key factor would be a weakening macro-economic backdrop, with slower growth and rising energy costs expected to weigh on household purchasing power.

Structurally, European airlines operate with a higher cost base than many other regions, reflecting regulatory burdens, including SAF mandates, as well as elevated airport and air navigation charges. Labor market tensions remain a key risk, with ongoing industrial actions in several markets contributing to operational disruption and limiting flexibility. While current conditions are supportive of profitability, the combination of rising costs and structural disadvantages suggests that Europe's competitive position could weaken once market conditions normalize.

Table 10: Regional financial performance

Global airline industry	2019	2020	2021	2022	2023	2024	2025E	2026F
AFRICA								
EBIT, USD billion	**0.1**	**-1.0**	**-0.5**	**-0.4**	**0.6**	**0.8**	**0.9**	**0.6**
EBIT margin	1.0%	-16.9%	-6.8%	-3.1%	3.5%	4.9%	4.8%	2.5%
Net profit, USD billion	**-0.3**	**-1.8**	**-1.1**	**-0.8**	**0.0**	**0.2**	**0.3**	**0.1**
Net profit margin	-1.8%	-30.0%	-14.6%	-7.0%	0.1%	1.4%	1.6%	0.2%
Per passenger, USD	**-2.2**	**-48.9**	**-20.5**	**-8.2**	**0.1**	**1.8**	**2.1**	**0.4**
RPK growth, %	**4.7%**	**-68.2%**	**17.0%**	**84.3%**	**36.5%**	**12.7%**	**9.8%**	**10.0%**
ASK growth, %	**4.5%**	**-62.1%**	**18.5%**	**51.4%**	**35.6%**	**10.0%**	**8.7%**	**7.7%**
Load factor, % ASK	**71.8%**	**60.2%**	**59.4%**	**72.3%**	**72.8%**	**74.6%**	**75.3%**	**76.9%**
Load factor, % ATK	**56.6%**	**48.8%**	**50.5%**	**60.0%**	**61.4%**	**62.1%**	**62.4%**	**63.7%**
ASIA PACIFIC[10]								
EBIT, USD billion	**8.4**	**-33.9**	**-12.7**	**-11.6**	**13.7**	**15.9**	**15.8**	**11.2**
EBIT margin	3.3%	-29.6%	-9.7%	-7.2%	5.7%	6.0%	5.6%	3.5%
Net profit, USD billion	**4.9**	**-45.0**	**-13.4**	**-13.8**	**7.5**	**9.3**	**9.8**	**6.6**
Net profit margin	1.9%	-39.3%	-10.2%	-8.6%	3.1%	3.5%	3.5%	2.1%
Per passenger, USD	**2.9**	**-58.2**	**-16.9**	**-14.1**	**4.8**	**5.3**	**5.3**	**3.4**
RPK growth, %	**4.7%**	**-62.0%**	**-12.8%**	**32.3%**	**95.9%**	**17.5%**	**7.7%**	**5.1%**
ASK growth, %	**4.4%**	**-53.8%**	**-6.1%**	**15.5%**	**75.0%**	**13.1%**	**6.6%**	**3.6%**
Load factor, % ASK	**81.9%**	**67.4%**	**62.5%**	**71.6%**	**80.2%**	**83.2%**	**84.1%**	**85.4%**
Load factor, % ATK	**73.4%**	**65.0%**	**64.5%**	**66.2%**	**68.7%**	**71.1%**	**71.8%**	**73.3%**
EUROPE								
EBIT, USD billion	**10.0**	**-25.4**	**-11.2**	**7.6**	**16.1**	**16.2**	**19.1**	**14.5**
EBIT margin	4.8%	-31.2%	-10.4%	3.9%	6.7%	6.2%	6.7%	4.6%
Net profit, USD billion	**6.1**	**-34.2**	**-12.5**	**5.2**	**12.6**	**10.4**	**13.0**	**9.6**
Net profit margin	2.9%	-42.0%	-11.6%	2.7%	5.3%	4.0%	4.5%	3.1%
Per passenger, USD	**5.1**	**-88.5**	**-24.1**	**5.5**	**11.3**	**8.7**	**10.3**	**7.5**
RPK growth, %	**4.2%**	**-69.5%**	**27.5%**	**103.9%**	**20.3%**	**8.7%**	**5.3%**	**2.8%**
ASK growth, %	**3.5%**	**-62.3%**	**29.8%**	**69.6%**	**16.0%**	**8.1%**	**5.2%**	**1.3%**
Load factor, % ASK	**85.2%**	**68.8%**	**67.6%**	**81.3%**	**84.3%**	**84.7%**	**84.9%**	**86.1%**
Load factor, % ATK	**74.0%**	**64.4%**	**65.7%**	**74.3%**	**76.0%**	**76.8%**	**77.0%**	**78.3%**

Source: IATA Sustainability and Economics.

10 Historical estimates for the Asia Pacific have been revised compared with the previous edition of the Global Outlook, due to a significant increase in coverage of financial data for the region. Coverage increased from 75% of RPK and c. 70% of ATK to 93% of RPK and 92% of ATK.

Latin America

Latin America's performance is influenced by the respective countries' currency performance. Undoubtedly, the energy crisis is putting renewed downward pressure on currencies that had until recently gained in strength. This includes, for instance, the Colombian peso that had added some 20% against the USD but is now under pressure. Appreciating currencies against the US dollar will see their costs go down in local currency. Of course, the opposite is true in the case of currency depreciations against the USD.

Demand conditions in Latin America remain more sensitive than in other regions, reflecting lower income levels and a higher share of discretionary demand. Cargo markets may soften, particularly in export-oriented markets. Structural demand drivers remain in place, however, suggesting a gradual rather than abrupt adjustment.

Financial constraints add to the challenge. Latin American airlines typically operate with limited balance sheet flexibility and higher funding costs, which restrict their ability to absorb shocks or invest in fleet and network expansion. Despite a relatively strong operating performance, with EBIT margin expected at 9.5% in 2026, net margin is projected to remain barely above zero, at 1.3%. The gap between EBIT and net margins is around four times larger than the global average, underscoring the burden of financing and non-operating costs. This limits airlines' capacity to respond dynamically to shifts in demand or cost conditions. Combined with high operating volatility and exposure to macro-economic cycles, these factors suggest the region is likely to experience a more pronounced slowdown in growth, even if demand remains positive overall.

Middle East

Airlines in the Middle East are facing significant financial pressure, as the region sits at the center of the current shock. Capacity reductions, flight cancellations, and operational disruptions are generating one-off costs, while elevated fuel prices are pushing up operating expenses. At the same time, the loss of transfer traffic is weighing on load factors and raising unit costs. As a result, the region is expected to post a net loss this year, reversing the strong profitability recorded during the post-covid recovery period.

Despite the scale of disruption, the Middle Eastern airlines retain a relatively high degree of resilience. Compared with other regions, airlines benefit from a more favorable tax environment, relatively secure access to fuel supply, and, in recent years, stronger operating margins that have supported balance sheet repair. Financial leverage remains comparatively low, and the industry continues to benefit from strong government backing, with many airlines majority-owned by the state. These structural features provide an important buffer against short-term losses and support the ability of Middle Eastern carriers to sustain operations through the current shock. Taken together, they also strengthen the region's capacity to recover once conditions stabilize, even if the near-term financial impact remains significant.

Despite these near-term challenges, the Middle East's structural role as a global aviation hub is unlikely to change. The region's geographic position, combined with established infrastructure and dense network connectivity, continues to underpin its long-term relevance in global air transport. The recovery path, however, is likely to be driven more by pricing than by a rapid return of volumes.

Cargo markets in the region are also under pressure. The Middle East plays a critical role in global air cargo networks, particularly as a transit hub for long-haul flows. Disruptions to this connectivity have reduced effective capacity and triggered a reallocation of cargo traffic toward other regions. While this has supported yields at the global level, it has weighed on volumes for Middle Eastern carriers, further weakening financial performance.

Overall, the Middle East is expected to record the sharpest deterioration in profitability among all regions. While global demand fundamentals remain intact, the region's exposure to network disruption, fuel price volatility, and transfer traffic makes it particularly vulnerable in the current environment. Over the longer term, its structural advantages should support a recovery in traffic, although potentially at lower margins, as increased competition and pricing pressure could reshape the economics of the hub-based model.

North America

North America presents a distinct profile relative to other regions. As the region has largely moved away from fuel hedging, jet fuel cost increases are transmitted more directly and rapidly into airline cost bases. This creates strong incentives for immediate pricing responses. In this environment, carriers are also likely to rely more heavily on ancillary revenues, such as baggage and seat fees, to raise total ticket prices while limiting visible increases in base fares.

The domestic market has shown signs of softness, particularly in the lower-yield leisure segment, which is weighing on low-cost carriers. LCCs are more exposed to domestic demand and typically lack a meaningful premium offering, limiting their ability to offset cost

pressures through upselling and fare segmentation. This is creating a growing divergence within the market, with network carriers better positioned than low-cost operators.

While North American airlines have delivered strong profitability in recent years, financial leverage remains relatively high compared with other regions, reflecting the debt accumulated during the pandemic. This increases sensitivity to cost shocks, even as operating performance remains solid.

The region is also less exposed to operational disruption from the Middle East conflict, given its lower reliance on transfer traffic and a demand profile that is more origin- and destination-driven. This limits the direct impact on network structures relative to regions such as the Asia Pacific or the Middle East. Labor costs, however, remain elevated following recent wage increases. Overall, North America is likely to see a predominantly price-driven adjustment, with widening segmentation between resilient network carriers and more constrained low-cost operators.

Table 11: Regional financial performance

Global airline industry	2019	2020	2021	2022	2023	2024	2025E	2026F
LATIN AMERICA								
EBIT, USD billion	**1.1**	**-4.6**	**-2.4**	**-0.7**	**5.9**	**6.4**	**7.1**	**6.2**
EBIT margin	2.9%	-30.0%	-11.0%	-1.9%	12.8%	13.2%	14.0%	10.9%
Net profit, USD billion	**-0.7**	**-12.3**	**-7.0**	**-3.5**	**1.1**	**0.2**	**1.9**	**1.2**
Net profit margin	-1.8%	-80.2%	-32.0%	-9.5%	2.4%	0.4%	3.8%	2.1%
Per passenger, USD	**-2.4**	**-114.5**	**-43.7**	**-13.1**	**3.7**	**0.6**	**5.9**	**3.5**
RPK growth, %	**4.2%**	**-62.5%**	**40.5%**	**62.9%**	**16.8%**	**7.8%**	**7.2%**	**5.0%**
ASK growth, %	**3.0%**	**-59.0%**	**37.3%**	**54.4%**	**14.4%**	**7.2%**	**7.6%**	**3.3%**
Load factor, % ASK	**82.6%**	**75.5%**	**77.2%**	**81.5%**	**83.2%**	**83.7%**	**83.4%**	**84.8%**
Load factor, % ATK	**68.8%**	**65.1%**	**67.4%**	**68.9%**	**69.4%**	**70.2%**	**69.8%**	**70.8%**
MIDDLE EAST								
EBIT, USD billion	**-1.9**	**-7.2**	**-6.8**	**3.9**	**8.3**	**9.8**	**10.4**	**-1.9**
EBIT margin	-3.2%	-25.9%	-20.7%	7.2%	13.0%	13.2%	13.6%	-2.7%
Net profit, USD billion	**-1.5**	**-9.6**	**-4.4**	**2.4**	**5.2**	**6.6**	**7.2**	**-4.3**
Net profit margin	-2.6%	-34.7%	-13.4%	4.4%	8.2%	8.9%	9.4%	-6.1%
Per passenger, USD	**-7.9**	**-163.4**	**-58.9**	**14.6**	**26.0**	**30.8**	**31.5**	**-21.4**
RPK growth, %	**2.3%**	**-72.1%**	**8.5%**	**144.4%**	**32.4%**	**9.7%**	**6.8%**	**-11.4%**
ASK growth, %	**0.1%**	**-63.0%**	**21.2%**	**67.2%**	**24.7%**	**8.5%**	**5.9%**	**-4.4%**
Load factor, % ASK	**76.2%**	**57.6%**	**51.5%**	**75.3%**	**79.9%**	**80.8%**	**81.5%**	**75.5%**
Load factor, % ATK	**63.9%**	**54.9%**	**54.9%**	**62.7%**	**63.3%**	**65.5%**	**65.1%**	**62.1%**
NORTH AMERICA								
EBIT, USD billion	**25.4**	**-38.8**	**-9.9**	**12.6**	**22.1**	**21.7**	**22.7**	**17.1**
EBIT margin	9.6%	-27.9%	-4.7%	4.5%	6.8%	6.3%	6.4%	4.4%
Net profit, USD billion	**17.9**	**-34.7**	**-1.9**	**7.2**	**14.2**	**11.4**	**12.4**	**9.4**
Net profit margin	6.8%	-24.9%	-0.9%	2.6%	4.4%	3.3%	3.5%	2.5%
Per passenger, USD	**16.5**	**-83.5**	**-2.7**	**7.2**	**13.0**	**10.0**	**10.8**	**8.1**
RPK growth, %	**4.0%**	**-65.1%**	**74.6%**	**45.7%**	**15.1%**	**4.6%**	**0.4%**	**0.8%**
ASK growth, %	**2.9%**	**-50.3%**	**41.1%**	**28.7%**	**14.0%**	**4.7%**	**2.0%**	**0.3%**
Load factor, % ASK	**84.8%**	**59.6%**	**73.7%**	**83.5%**	**84.3%**	**84.3%**	**82.9%**	**83.3%**
Load factor, % ATK	**66.1%**	**52.4%**	**59.3%**	**64.2%**	**65.0%**	**65.6%**	**65.1%**	**65.9%**

Source: IATA Sustainability and Economics.

5. Appendix: Industry statistics

Table 12: Key industry statistics

Global airline industry	2019	2020	2021	2022	2023	2024	2025E	2026F
Segment passengers, million	**4,560**	**1,779**	**2,304**	**3,452**	**4,414**	**4,781**	**4,967**	**5,085**
O-D passengers, million	3,974	1,570	2,017	2,960	3,782	4,100	4,260	4,343
Flights, million	37.5	19.7	24.2	29.5	35.3	37.3	38.9	38.7
Passenger growth, RPK, % YoY	4.1%	-65.8%	21.8%	64.9%	36.8%	10.6%	5.3%	2.1%
Cargo growth, CTK, % YoY	-3.2%	-9.9%	18.8%	-8.1%	-1.7%	11.4%	3.4%	0.7%
Capacity growth, ATK, % YoY	2.9%	-44.5%	16.4%	22.1%	22.4%	8.5%	4.6%	0.5%
Total load factor, % ATK	70.1%	59.8%	61.9%	67.2%	68.7%	70.1%	70.3%	71.2%
Passenger load factor, % ASK	82.6%	65.2%	66.9%	78.7%	82.2%	83.4%	83.5%	84.0%
World economic growth, real, % YoY	2.9%	-2.7%	6.6%	3.8%	3.3%	3.4%	3.4%	2.5%
World trade volume, %	0.1%	-5.4%	9.0%	2.3%	-0.9%	2.7%	4.6%	1.9%
CPI, world, % YoY	3.6%	3.3%	4.7%	8.7%	6.7%	5.8%	4.1%	5.0%
Revenues, USD billion	**838**	**384**	**513**	**738**	**930**	**1,009**	**1,065**	**1,165**
% change YoY	3.2%	-54.1%	33.4%	44.1%	26.0%	8.4%	5.6%	9.4%
Passenger, USD billion	607	189	242	437	669	726	768	839
Cargo, USD billion	101	140	210	206	139	147	151	162
Ancillary and other, USD billion	130	55	61	95	122	137	146	165
Passenger ticket yield, % YoY	-3.7%	-9.1%	4.9%	9.7%	12.0%	-2.0%	0.5%	7.0%
Passenger total yield, % YoY	-1.4%	-1.4%	2.0%	7.4%	8.8%	-1.6%	0.7%	7.5%
Cargo yield, % YoY	-8.2%	54.7%	25.9%	7.0%	-31.7%	-4.9%	-0.5%	6.5%
Revenue per ATK, USD cents	54	45	51	61	63	62	63	69
% change YoY	0.3%	-17.4%	14.6%	18.0%	2.9%	0.0%	0.9%	8.8%
Expenses, USD billion	**-795**	**-495**	**-556**	**-727**	**-864**	**-938**	**-989**	**-1,117**
% change YoY	3.8%	-37.7%	12.3%	30.8%	18.9%	8.6%	5.4%	13.0%
Fuel, USD billion	-190	-80	-106	-215	-269	-261	-252	-350
% of expenses	23.9%	16.1%	19.0%	29.6%	31.2%	27.8%	25.4%	31.4%
Labor, USD billion	-180	-141	-150	-178	-215	-242	-260	-271
% of expenses	22.6%	28.5%	27.0%	24.5%	24.9%	25.8%	26.3%	24.2%
Crude oil price, Brent, USD/barrel	65	42	71	101	83	81	69	95
Jet fuel price, USD/barrel	80	47	78	139	112	99	90	152
Fuel consumption, billion gallons	96	52	62	76	92	99	104	104
Non-fuel, USD billion	-605	-415	-450	-512	-595	-678	-737	-767
Cost per ATK excl. fuel, USD cents	39	49	45	42	40	42	44	45
% change YoY	1.6%	23.7%	-6.8%	-6.9%	-5.1%	5.0%	4.0%	3.5%
EBITDAR, USD billion	**152.8**	**-26.9**	**37.6**	**106.6**	**169.3**	**171.5**	**180.7**	**156.3**
% EBITDAR margin	18.2%	-7.0%	7.3%	14.4%	18.2%	17.0%	17.0%	13.4%
EBIT, USD billion	**43.1**	**-110.9**	**-43.5**	**11.3**	**66.1**	**70.7**	**76.4**	**48.0**
% EBIT margin	5.1%	-28.8%	-8.5%	1.5%	7.1%	7.0%	7.2%	4.1%
Net profit, USD billion	**26.4**	**-137.7**	**-40.4**	**-3.5**	**40.5**	**37.7**	**45.0**	**23.0**
% net profit margin	3.1%	-35.8%	-7.9%	-0.5%	4.3%	3.7%	4.2%	2.0%
per departing passenger, USD	5.8	-77.4	-17.5	-1.0	9.2	7.9	9.1	4.5
Return on invested capital, %	**5.8%**	**-19.3%**	**-8.0%**	**2.0%**	**6.9%**	**6.9%**	**6.6%**	**4.3%**

Source: IATA Sustainability and Economics.

Note: Bankruptcy reorganization and large non-cash one-off costs are excluded. Includes all commercial airlines. Historical data are subject to revision

Updated: 6/2026 – Next update: 12/2026.

Table 13: Regional financial results

Global airline industry	EBIT margin, % of revenue					EBIT, USD billion				
	2022	2023	2024	2025E	2026F	2022	2023	2024	2025E	2026F
Global	**1.5%**	**7.1%**	**7.0%**	**7.2%**	**4.1%**	**11.3**	**66.1**	**70.7**	**76.4**	**48.0**
Regions										
Africa	-3.1%	3.5%	4.9%	4.8%	2.5%	-0.4	0.6	0.8	0.9	0.6
Asia Pacific	-7.2%	5.7%	6.0%	5.6%	3.5%	-11.6	13.7	15.9	15.8	11.2
Europe	3.9%	6.7%	6.2%	6.7%	4.6%	7.6	16.1	16.2	19.1	14.5
Latin America	-1.9%	12.8%	13.2%	14.0%	10.9%	-0.7	5.9	6.4	7.1	6.2
Middle East	7.2%	13.0%	13.2%	13.6%	-2.7%	0.0	8.3	9.8	10.4	-1.9
North America	4.5%	6.8%	6.3%	6.4%	4.4%	12.6	22.1	21.7	22.7	17.1

Source: IATA Sustainability and Economics.

Table 14: Regional financial results

Global airline industry	Net margin, % of revenue					Net profit, USD billion				
	2022	2023	2024	2025E	2026F	2022	2023	2024	2025E	2026F
Global	**-0.5%**	**4.3%**	**3.7%**	**4.2%**	**2.0%**	**-3.5**	**40.5**	**37.7**	**45.0**	**23.0**
Regions										
Africa	-7.0%	0.1%	1.4%	1.6%	0.2%	-0.8	0.0	0.2	0.3	0.1
Asia Pacific	-8.6%	3.1%	3.5%	3.5%	2.1%	-13.8	7.5	9.3	9.8	6.6
Europe	2.7%	5.3%	4.0%	4.5%	3.1%	5.2	12.6	10.4	13.0	9.6
Latin America	-9.5%	2.4%	0.4%	3.8%	2.1%	-3.5	1.1	0.2	1.9	1.2
Middle East	4.4%	8.2%	8.9%	9.4%	-6.1%	2.4	5.2	6.6	7.2	-4.3
North America	2.6%	4.4%	3.3%	3.5%	2.5%	7.2	14.2	11.4	12.4	9.4

Source: IATA Sustainability and Economics.

Table 15: Regional traffic results

Global airline industry	Passenger traffic (RPK)					Passenger capacity (ASK)				
	% change versus previous year					% change versus previous year				
	2022	2023	2024	2025E	2026F	2022	2023	2024	2025E	2026F
Global	**64.9%**	**36.8%**	**10.6%**	**5.3%**	**2.1%**	**40.1%**	**31.1%**	**8.9%**	**5.2%**	**1.6%**
Regions										
Africa	84.3%	36.5%	12.7%	9.8%	10.0%	51.4%	35.6%	10.0%	8.7%	7.7%
Asia Pacific	32.3%	95.9%	17.5%	7.7%	5.1%	15.5%	75.0%	13.1%	6.6%	3.6%
Europe	103.9%	20.3%	8.7%	5.3%	2.8%	69.6%	16.0%	8.1%	5.2%	1.3%
Latin America	62.9%	16.8%	7.8%	7.2%	5.0%	54.4%	14.4%	7.2%	7.6%	3.3%
Middle East	144.4%	32.4%	9.7%	6.8%	-11.4%	67.2%	24.7%	8.5%	5.9%	-4.4%
North America	45.7%	15.1%	4.6%	0.4%	0.8%	28.7%	14.0%	4.7%	2.0%	0.3%

Source: IATA Sustainability and Economics.

Note: Bankruptcy reorganization and large non-cash one-off costs are excluded. Includes all commercial airlines. Historical data are subject to revision.

Updated: 6/2026 – Next update: 12/2026.

Glossary

ACTK	Available Cargo Tonne-Kilometers
ATK	Available Tonne-Kilometers (passenger and cargo)
ASK	Available Seat-Kilometers
ATJ	Alcohol-To-Jet
ATK	Available Tonne-Kilometers
BBL	Barrel
BLF	Breakeven Load Factor
CAGR	Compound Average Growth Rate
CLF	Cargo Load Factor
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CPI	Consumer Price Inflation
CTK	Cargo Tonne-Kilometers
EBIT	Earnings Before Interest and Taxes
GDP	Gross Domestic Product
HEFA	Hydro-processed Esters and Fatty Acids
LCC	Low-Cost Carriers
LF	Load Factor
MoM	Month-on-Month
NGL	Natural Gas Liquids
OEM	Original Equipment Manufacturer
OPEC	Organization of the Petroleum Exporting Countries
O-D	Origin-Destination
PAX	Passengers
PLF	Passenger Load Factor
PMI	Purchasing Managers' Index
PtL	Power-to-Liquid
PPI	Producer Price Inflation
ppt	Percentage points
REER	Real Effective Exchange Rate
RPK	Revenue Passenger-Kilometers
RATK	Revenue per ATK
RTK	Revenue Tonne-Kilometers
SA	Seasonally Adjusted
SAF	Sustainable Aviation Fuel
QoQ	Quarter-on-Quarter
USD	United States Dollar
YoY	Year-on-Year
YTD	Year-To-Date

Region definitions

North America: Bermuda, Canada, St. Pierre and Miquelon, United States including Alaska and Hawaii, but excluding Puerto Rico and United States Virgin Islands.

Central America/Caribbean: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Granada, Guadeloupe, Guatemala, Haiti, Honduras, Jamaica, Martinique, Mexico, Monserrat, Netherlands Antilles, Nicaragua, Panama, Puerto Rico, St. Kitts-Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad & Tobago, Turks and Caicos Islands, United States Virgin Islands.

South America: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Paraguay, Peru, Suriname, Uruguay, Venezuela.

Europe: Albania, Andorra, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faeroe Islands, Finland, France, Georgia, Germany, Greece, Greenland, Hungary, Iceland, Ireland (Republic of), Israel, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia (former Republic of Yugoslavia), Malta, Moldova, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, San Marino, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom.

Middle East: Bahrain, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen.

Northern Africa: Algeria, Egypt, Libya, Morocco, Sudan, Tunisia.

Southern Africa: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Democratic Republic of the Congo, Djibouti, Eritrea, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mayotte, Mozambique, Namibia, Niger, Nigeria, Reunion, Rwanda, Sao Tome & Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe.

Far East: Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, People's Republic of China, Hong Kong (SAR, China), India, Indonesia, Japan, Kazakhstan, Korea (Democratic People's Republic of), Korea (Republic of), Kyrgyzstan, Lao People's Democratic Republic, Macao (SAR, China), Malaysia, Maldives, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Chinese Taipei, Tajikistan, Thailand, Timor Leste, Turkmenistan, Uzbekistan, Vietnam.

Southwest Pacific: American Samoa, Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, United States Minor Outlying Islands, Vanuatu, Wallis & Futuna Islands.

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