

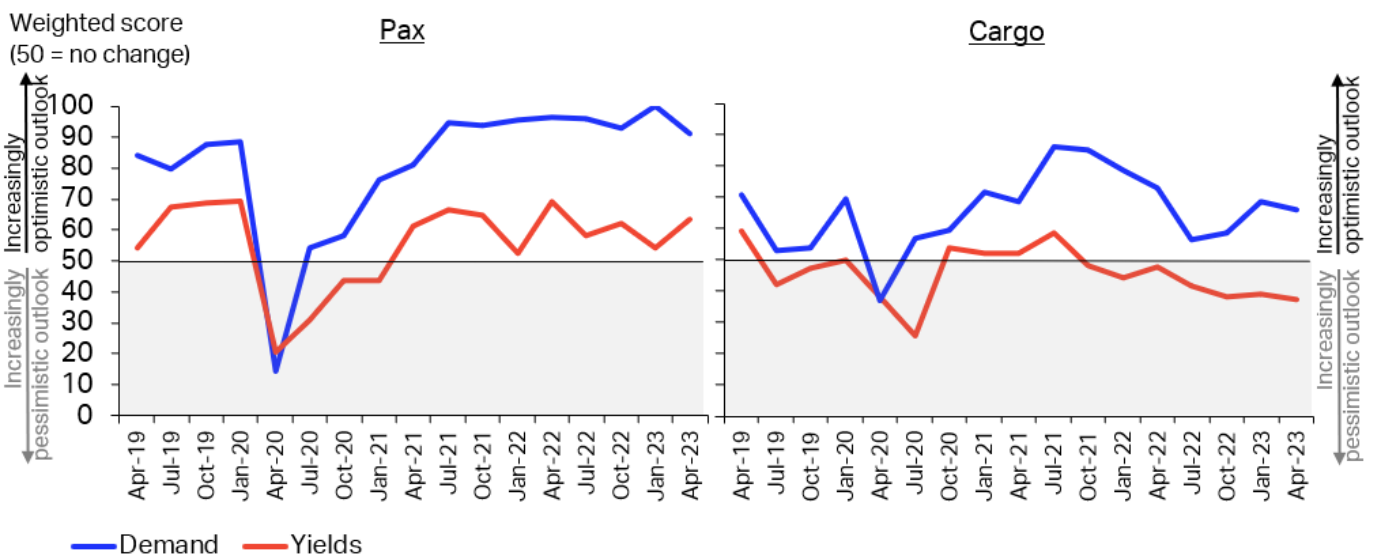


Chart of the Week

26 May 2023

Industry confidence in the passenger outlook exceeds cargo

Quarterly Forward Business Expectations (12 months ahead)



Source: IATA Business Confidence Survey

- The latest IATA Business Confidence Survey, which asks airline executives to share their near-term expectations for the industry, points to a positive outlook for both passenger traffic in particular, and also for cargo volumes over the year ahead.
- Specifically, 86% of respondents expect passenger demand to expand over the course of the next 12 months, and 52% of respondents expect higher cargo volumes. For cargo, an additional 28% expect volumes to be largely unchanged a year from now, leaving 20% of respondents expecting lower volumes.
- A key indicator of future air passenger demand is ticket sales, and the industry’s optimistic outlook regarding passenger volumes is in line with the strong ticket sales observed for the upcoming summer travel season (+35% increase in sales year-on-year, see last week’s [Chart of the Week](#)). The expectations regarding the global demand for cargo, on the other hand, are more mixed. Overall, a modest increase in cargo volumes is expected over the course of the year ahead, which is consistent with the recent improvement observed in the new export orders component of the global Purchasing Managers’ Index (PMI) – historically a reliable leading indicator of cargo volumes.
- The industry’s outlook for air passenger yields is also more positive than that for cargo. In April 2023, half of respondents expected pax yields to increase over the next 12 months, while only 13% projected the same for their cargo operations (down from one third in April 2022). Respondents emphasized intensifying competition with both other airlines and maritime cargo as relevant indicators for their increasingly conservative near-term cargo yield projections. Additional factors identified were high inflation levels and weak trade and manufacturing exports.
- Despite the various headwinds that both pax and cargo operations face in 2023 – including continued inflation, airspace constraints, labor, skill and capacity shortages, delayed aircraft deliveries, and strikes – the industry remains positive as the peak Northern Hemisphere summer rapidly approaches.

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