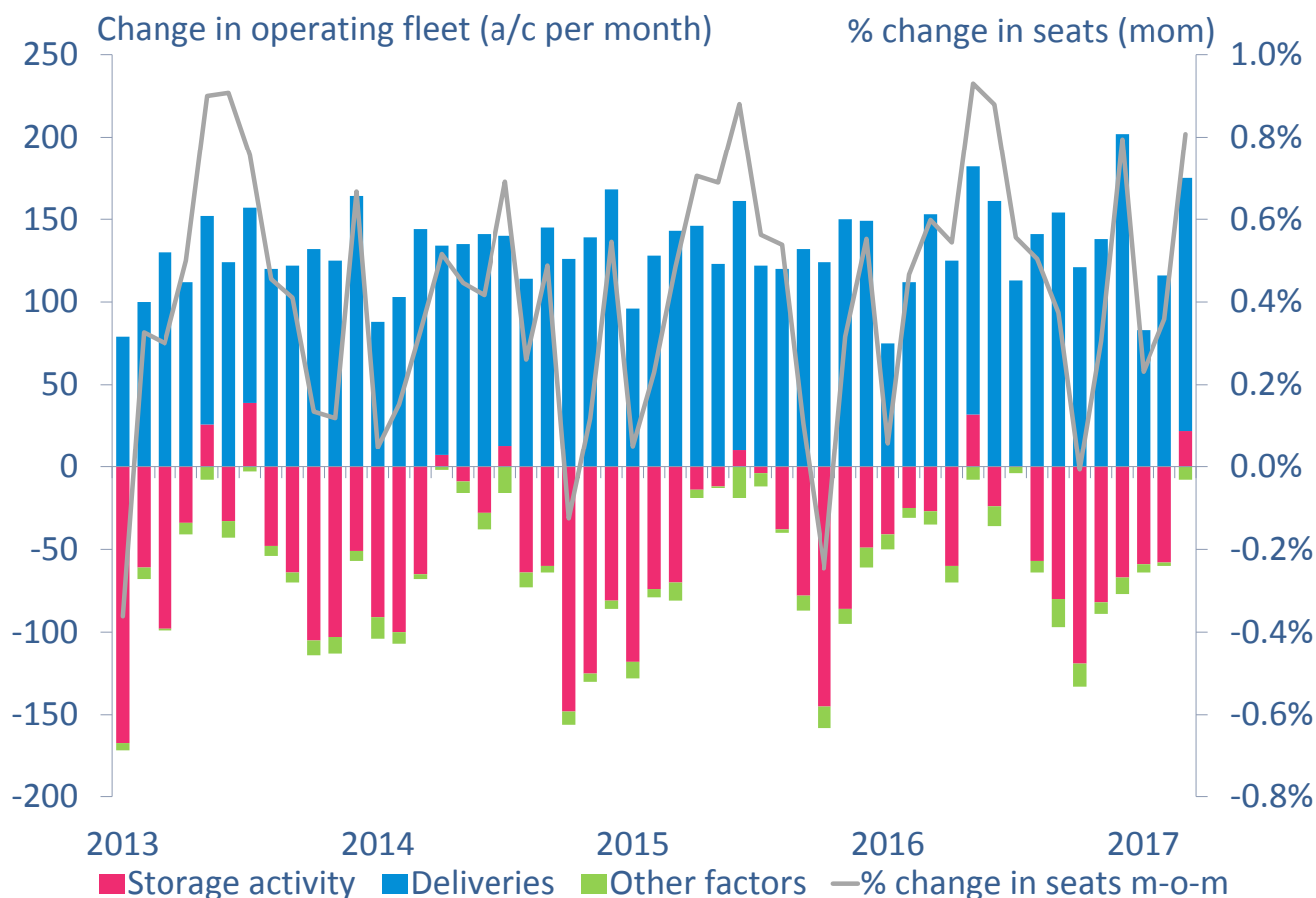




IATA ECONOMICS' CHART OF THE WEEK

12 MAY 2017

JUGGLING SUPPLY & DEMAND – THE ROLE OF DELIVERIES & STORAGE



Source: Ascend

- Alongside the strong performance observed in industry-wide passenger traffic over recent months, we have previously noted a moderation in the pace of increase in capacity (resulting in the passenger load factor remaining at around its record high level). Passenger capacity is typically measured in available seat kilometers (or miles); the number of available seats multiplied by the number of kilometers (miles) flown.
- Today's chart looks into the first part of this capacity calculation to understand how the number of aircraft in operation has changed over recent years, along with the impact (in % growth terms) on the total number of seats in the market. The largest contributor to the change in the operating fleet each month is typically the aircraft delivery schedule. Deliveries are supplemented or offset to varying degrees by aircraft being moved into or out of storage.
- In March, 153 new aircraft were delivered into service, coincidentally, the same number as in March last year. A further 22 aircraft were taken out of storage this month vs a similar number being placed *into* storage in March 2016. The total number of seats in the market increased by 0.8% this month and is up a solid 6.5% over the level of a year ago.
- As the chart shows, storage is an important swing variable to help airlines match demand with supply. Balancing supply with demand is an ongoing challenge for airlines and has important implications for financial performance. Our latest *Financial Monitor* publication was released this week and contains more information on recent financial developments in and affecting the air transport industry ([link](#)).

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