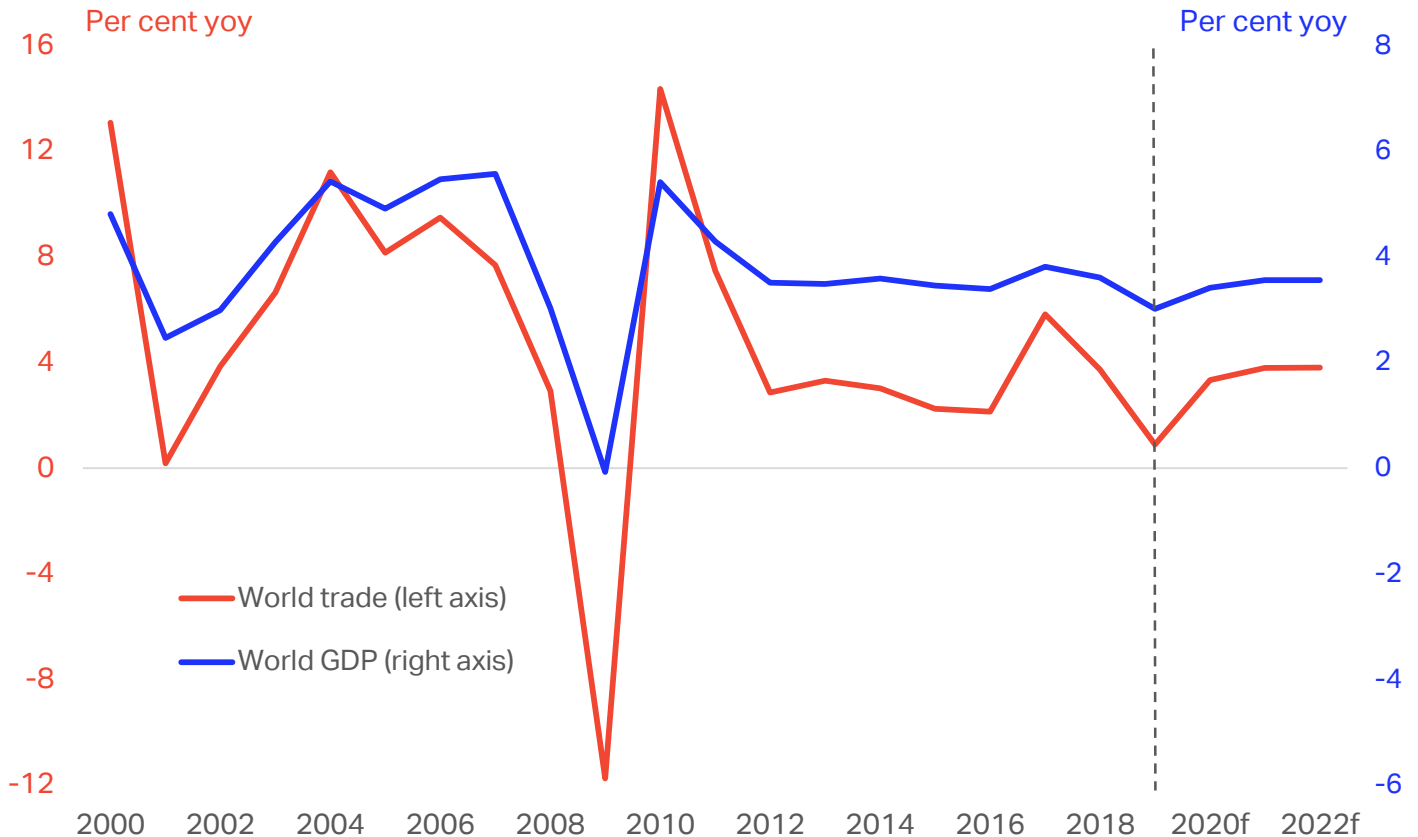




## IATA Economics' Chart of the Week

25 October 2019

### Latest IMF global forecasts provide some 'green shoots' for airlines



Source: IMF

- Last week, the [IMF](#) released its latest global economic forecasts. 2019 has proven to be a challenging year for airlines, with signs of a broad-based slowing in global economic activity, declining world trade volumes and various political and geopolitical tensions across the regions. This backdrop has been reflected in industry-wide outcomes for both traffic (passenger and, especially, cargo) and profitability. It is unsurprising therefore to see the IMF downgrade its April forecasts for 2019 to a modest global GDP growth rate of just 3.0% and an even more subdued 0.9% pace for world trade volumes. If correct, both of these outcomes would be the weakest since the global financial crisis of 2009, as today's chart shows.
- On a more positive note, looking ahead, the IMF expects that economic activity will lift to 3.4% in 2020, notwithstanding an expected slowdown in both China and the US. For trade, the news is similarly positive, with forecast growth picking up to 3.3%. Having said that, the IMF is clear that the risks to this economic and trade outlook remain tilted firmly to the downside, noting that the global outlook remains 'precarious'.
- As we have noted [previously](#), there has been a recent trend of successive downward revisions to the IMF's global outlook. But even so, if the IMF has at least got the direction of their forecast right, this suggests that – barring any unforeseen (and unforecastable) shocks – 2020 (and beyond) is likely to present a more favourable business backdrop for the air transport industry overall than 2019 has delivered.

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