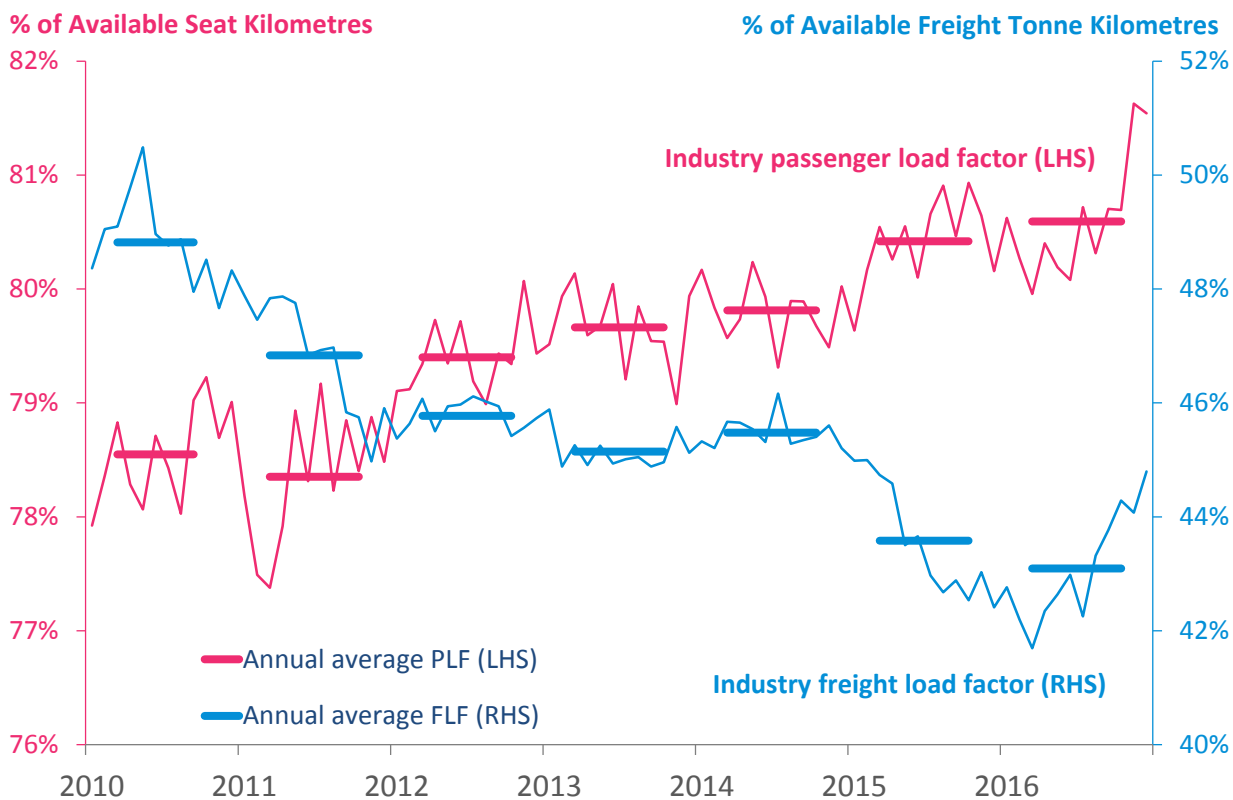




IATA ECONOMICS' CHART OF THE WEEK

17 FEBRUARY 2017

LOAD FACTOR OUTCOMES FOR 2016 – A MIXED PERFORMANCE



- In a [recent](#) COTW, we considered the strong performance of traffic volumes in 2016. But in an industry with a high proportion of fixed costs, asset utilization is also an important variable affecting [profitability](#), and the annual load factor performance across the passenger and freight segments shows a more mixed outcome.
- Overall, the upwards trend in the passenger load factor (PLF) observed over recent years continued through 2016, despite a pause in the early part of the year. After reaching a record high monthly level in November (81.6% in seasonally adjusted terms), the annual figure also registered its highest outcome, at 80.5% – a modest gain on the 2015 result. This represents the 5th consecutive year that the annual PLF figure has risen.
- Despite a strong pick-up in (seasonally adjusted) freight load factor (FLF) outcomes during the second half of 2016 – due to stronger demand and only moderate capacity growth – the annual average for 2016 was still 0.6 percentage points below that of 2015, ending the year at an even 43.0%. Of course, the strong second-half performance provides a degree of optimism that 2017 will see an improved outcome.
- The industry-wide results mask significant divergence at the regional level. For the PLF, the North American carriers led the way with an outcome of 83.5%. Three regions (Asia-Pacific, Latin America and Europe) set record highs in 2016, but the PLF for Middle Eastern airlines fell to 74.7%, its lowest level since 2010. For freight, only the European carriers registered an annual increase in the FLF, up a modest 0.4 percentage points vs 2015. Unsurprisingly, the Asia-Pacific airlines registered the highest FLF, at 52.8% for the year, more than double the outcome for African carriers, at just 22.2%. The Africa FLF dropped sharply in 2016 (down 5pp) due to very strong growth in capacity (>20%yoy), driven by rapid long-haul expansion and increases by North African airlines.

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