



# Outlook for air travel markets

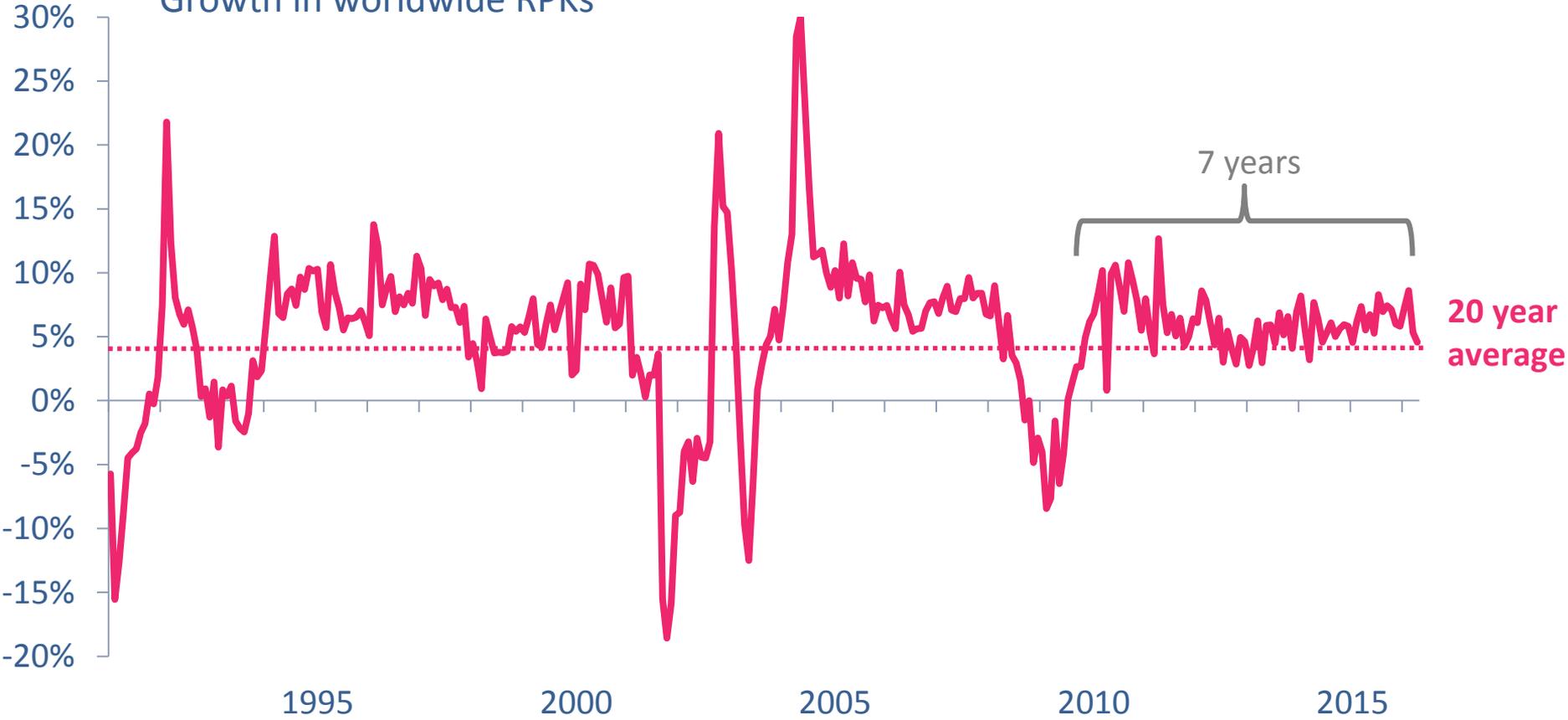
June 2016



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Chief Economist  
International Air Transport Association

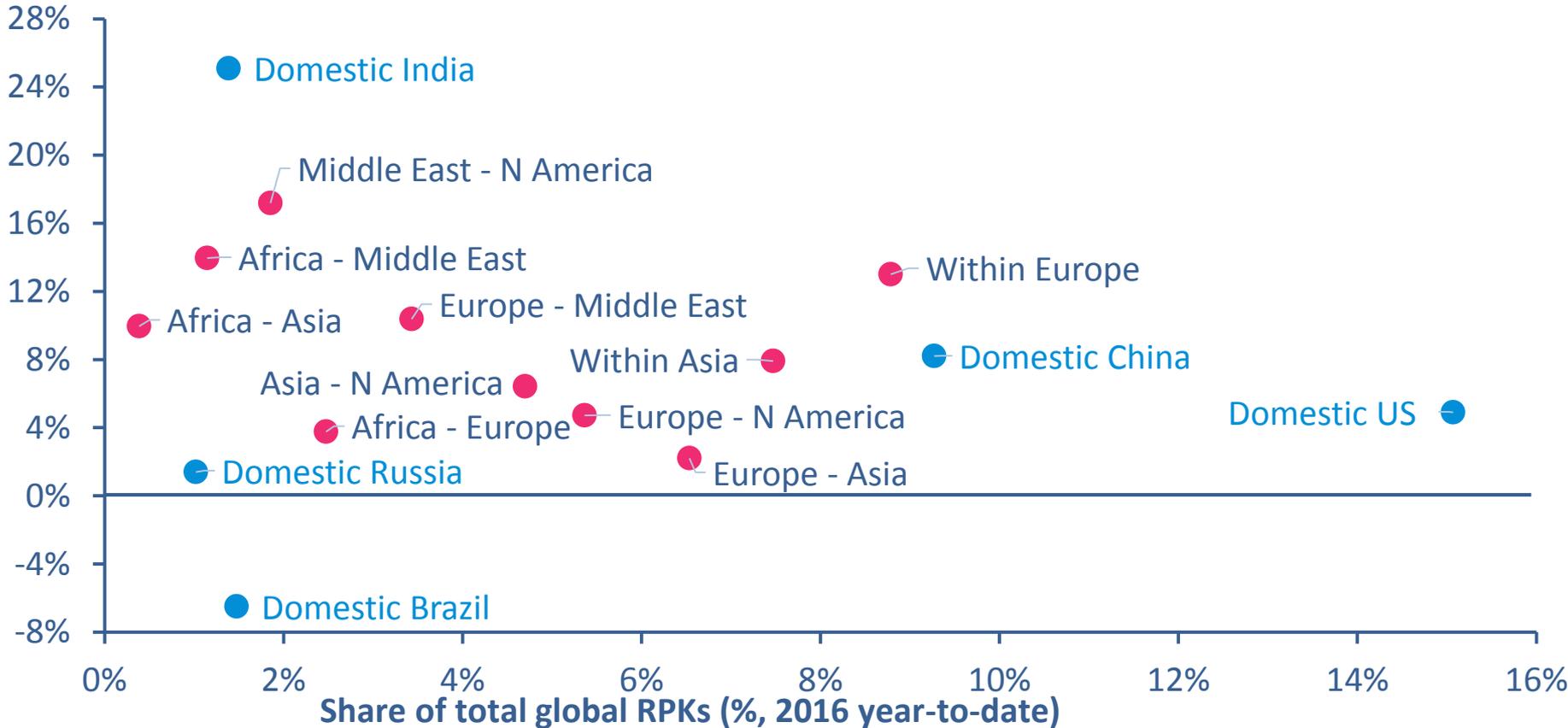
# Extended period of strong air travel market growth

Growth in worldwide RPKs

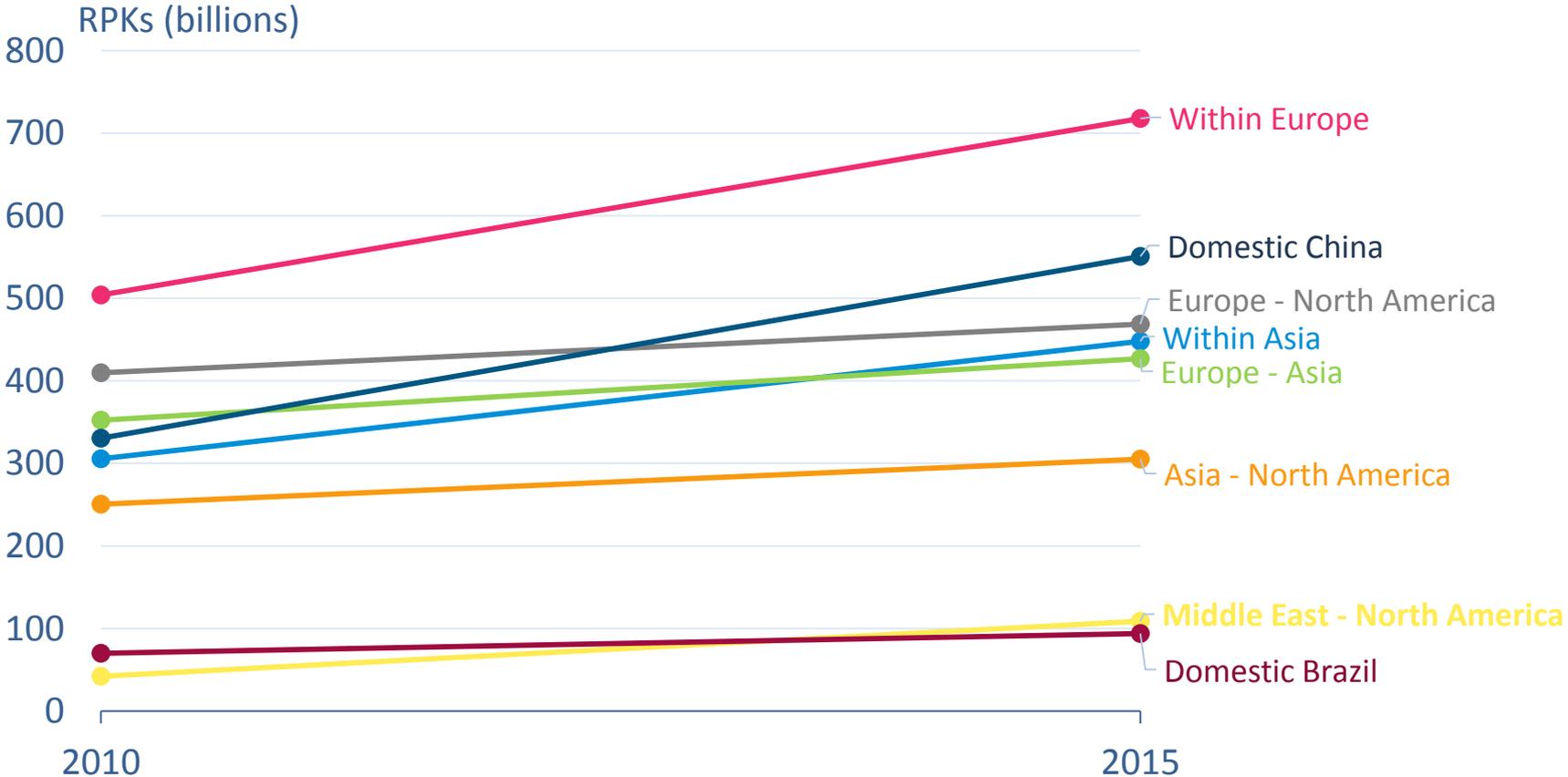


# But a very mixed picture across travel markets today

RPK growth by int'l route and dom. market (YTD, % year-on-year, up to March, segment-based)

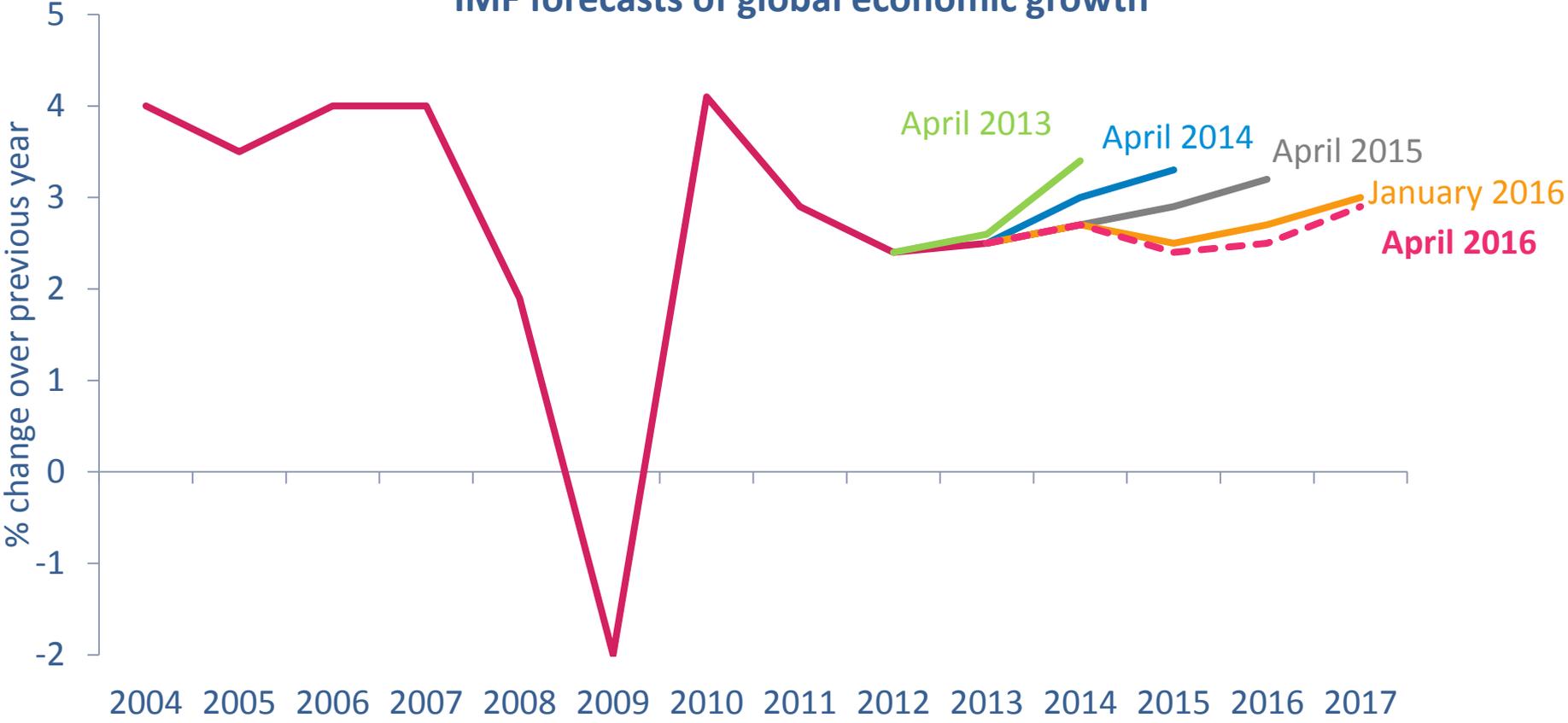


# Biggest growth in Asian markets but also Europe



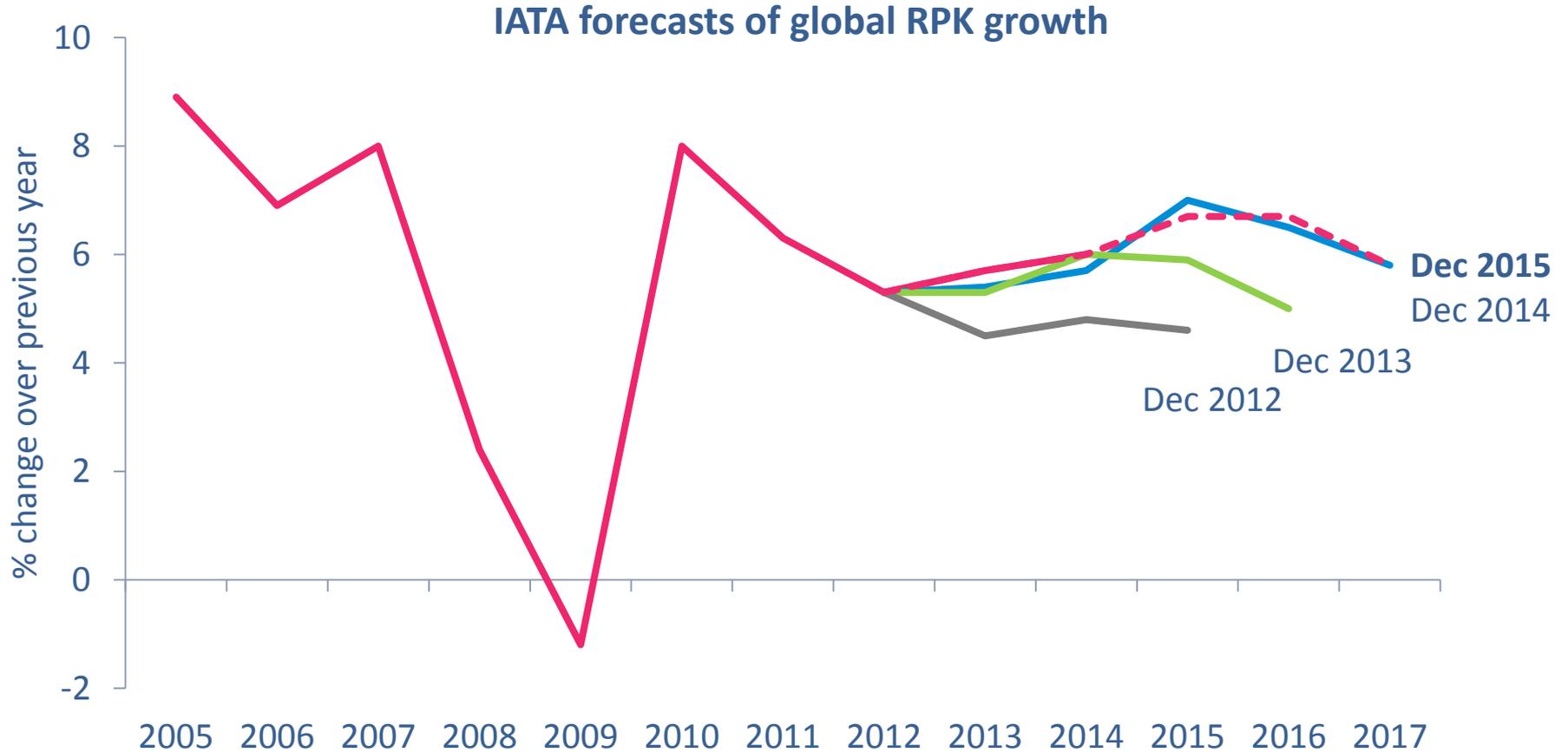
# World has been stuck in a low economic growth path

## IMF forecasts of global economic growth

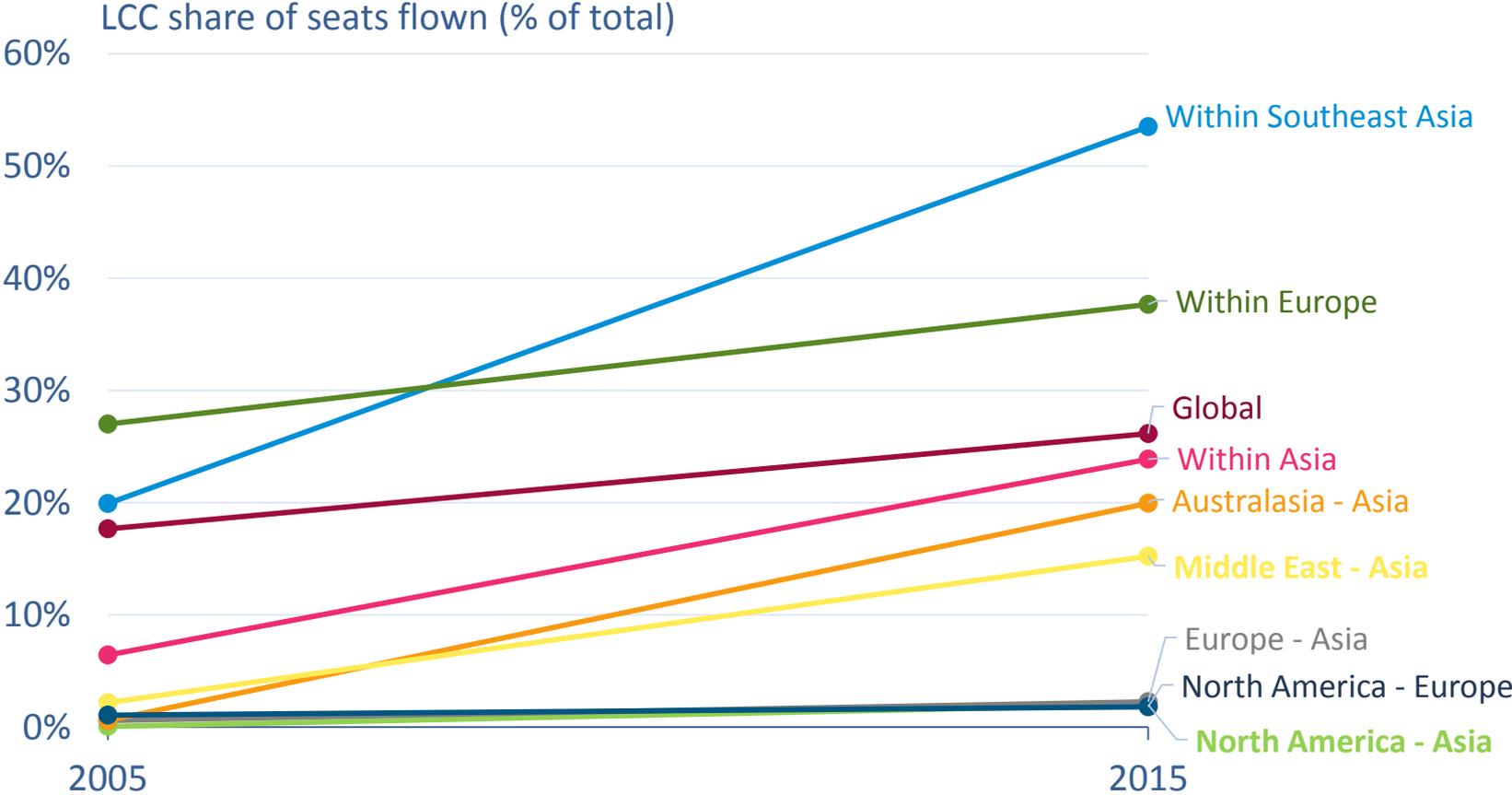


Source: IATA using IMF World Economic Outlook data

# Yet we've had to revise up successive RPK forecasts



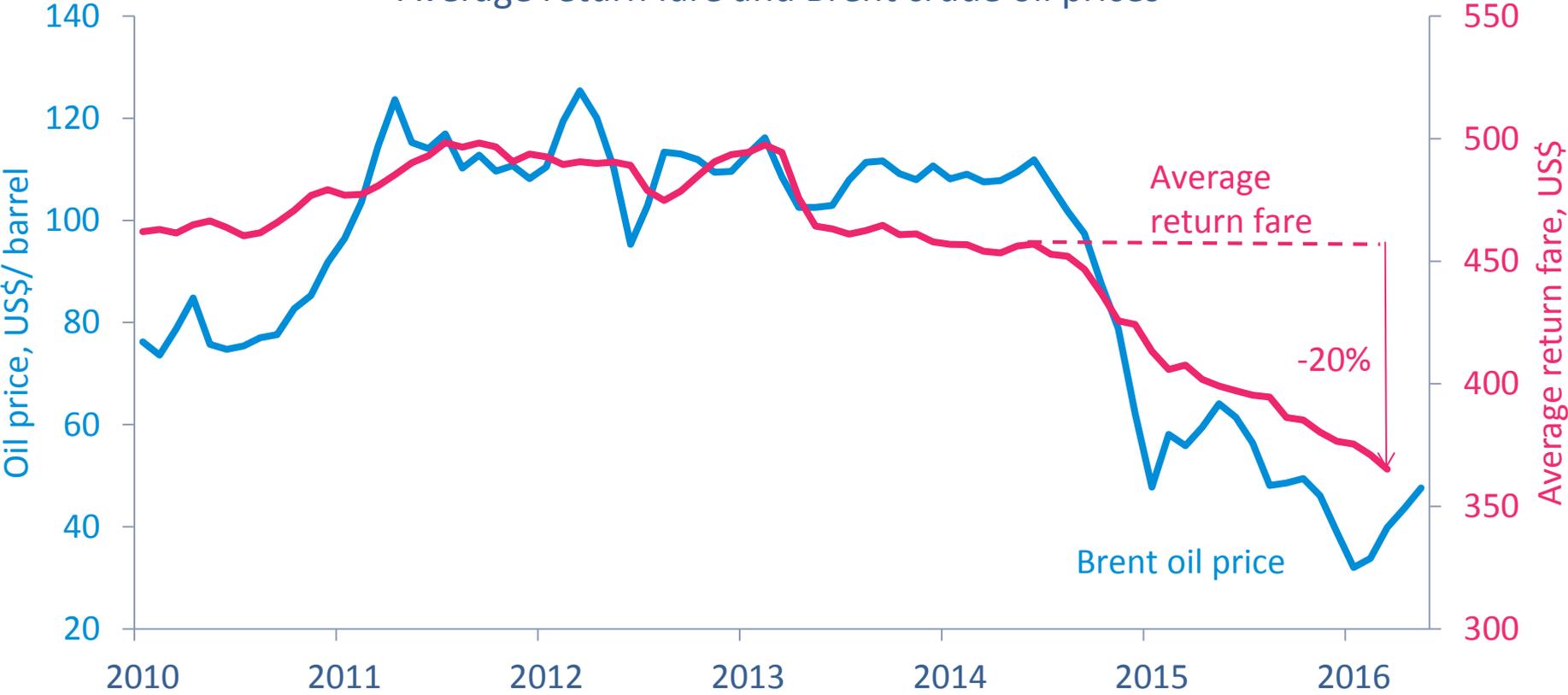
# Price stimulation from LCC entry in significant markets



Sources: IATA using SRS Analyser data

# Significant price stimulation from fuel cost pass-through

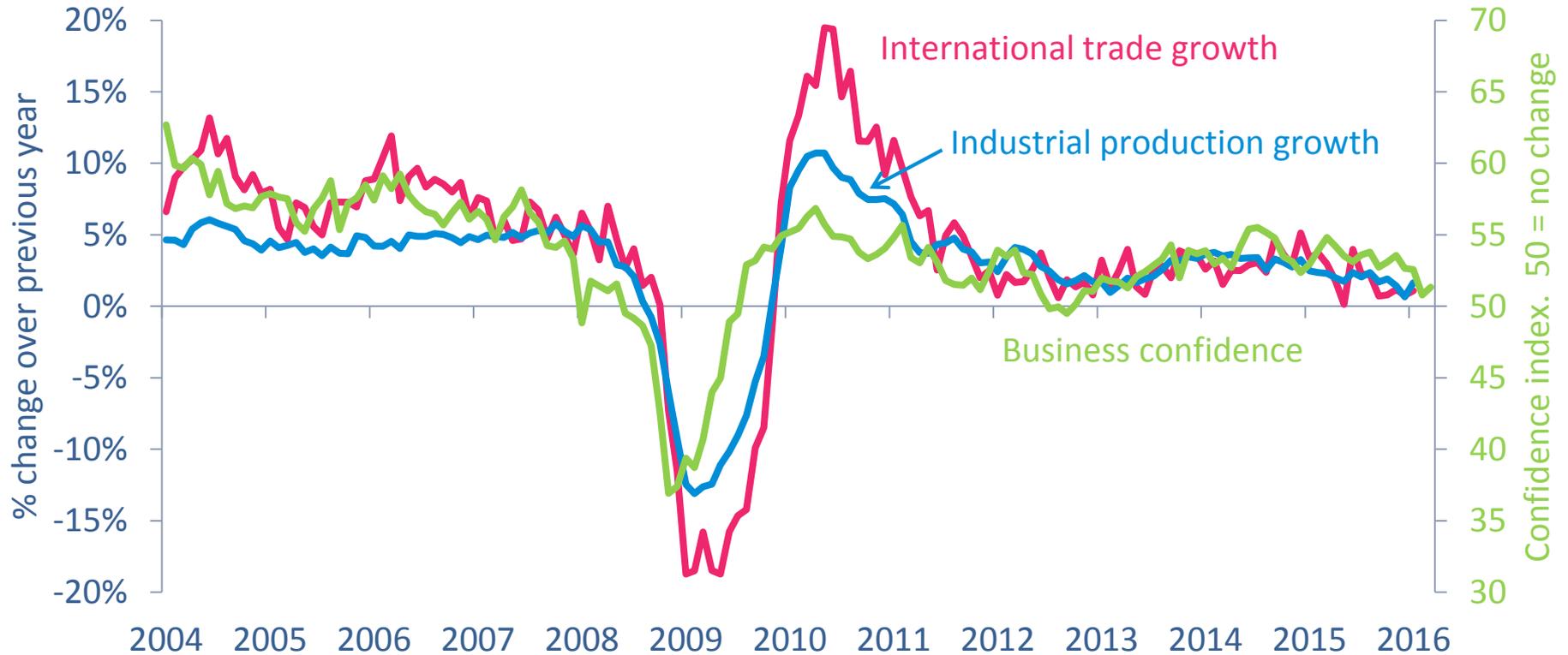
Average return fare and Brent crude oil prices



Source: IATA using PaxIS+ and Haver data

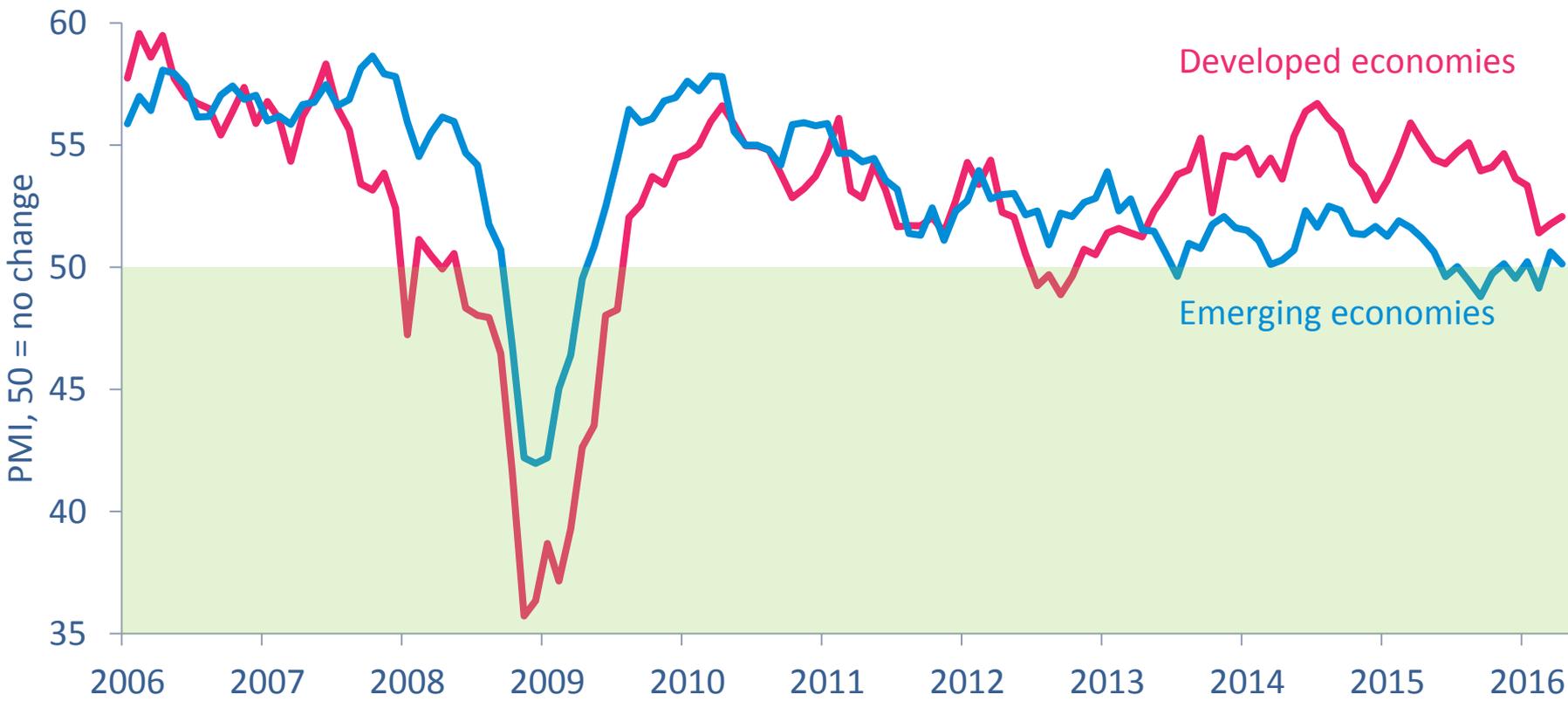
# The lackluster economic cycle now seems to be slowing

## Global economic cycle indicators



# Both developed and emerging economies now weaker

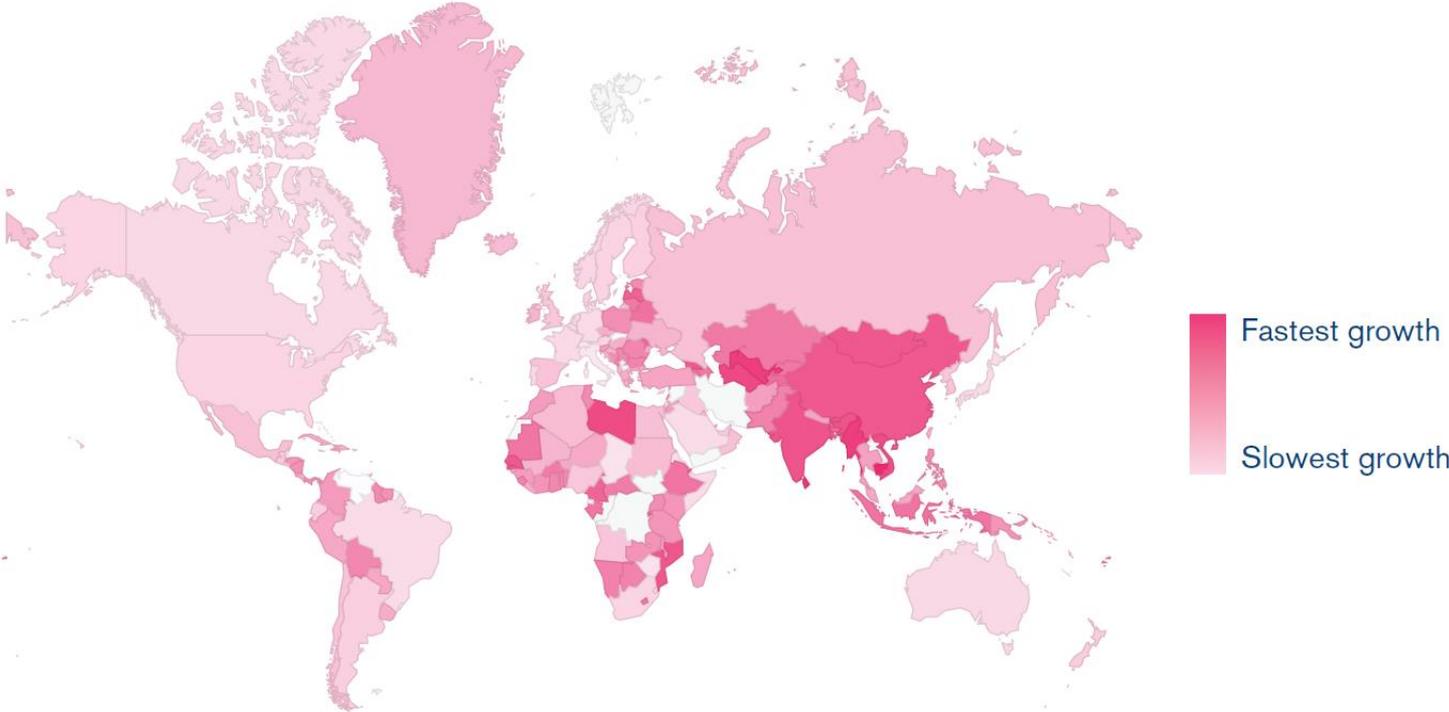
Business confidence



Source: IATA Economics using Markit data

# But living standards are expected to rise over 20 years

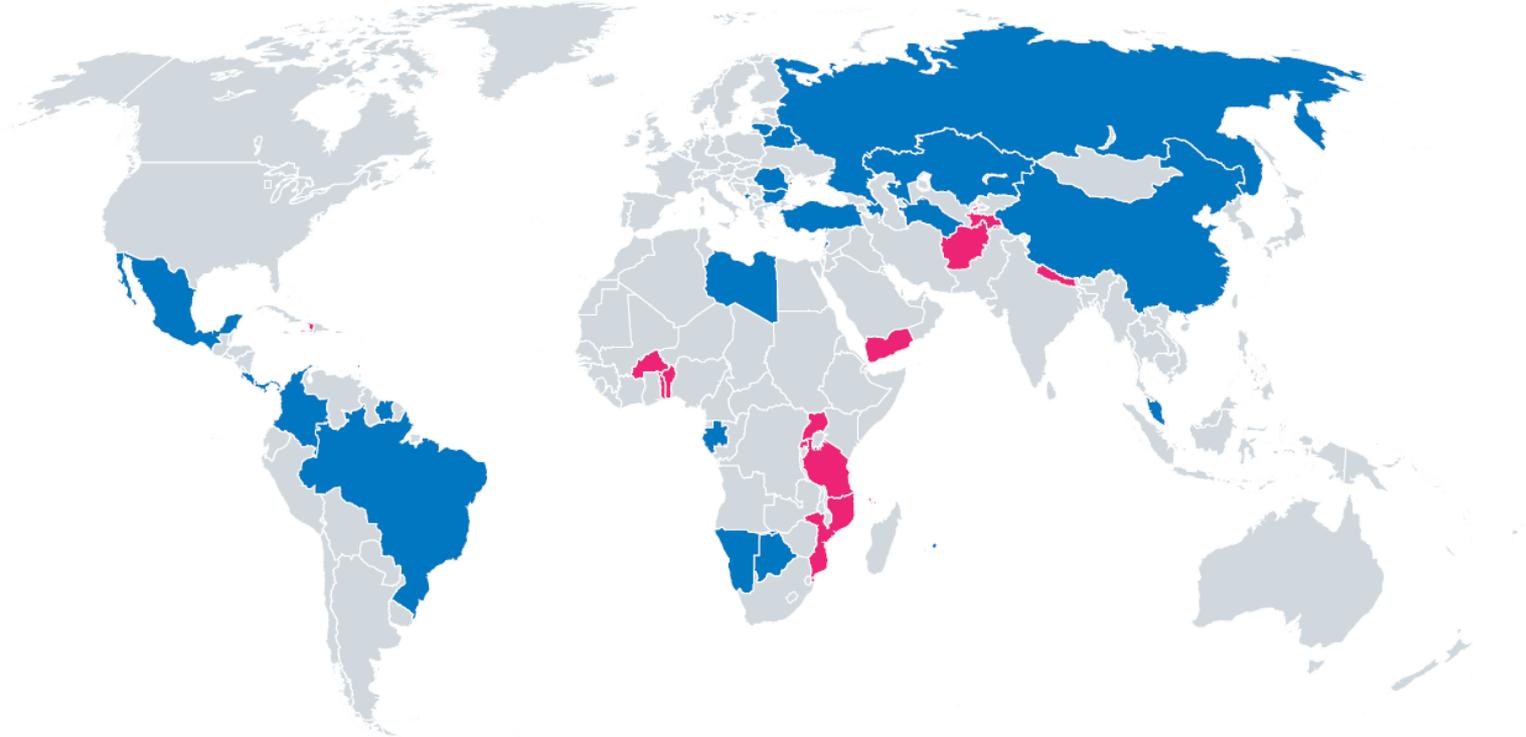
Chart 7 – Forecast growth in GDP per capita (% CAGR, 2015-2035)



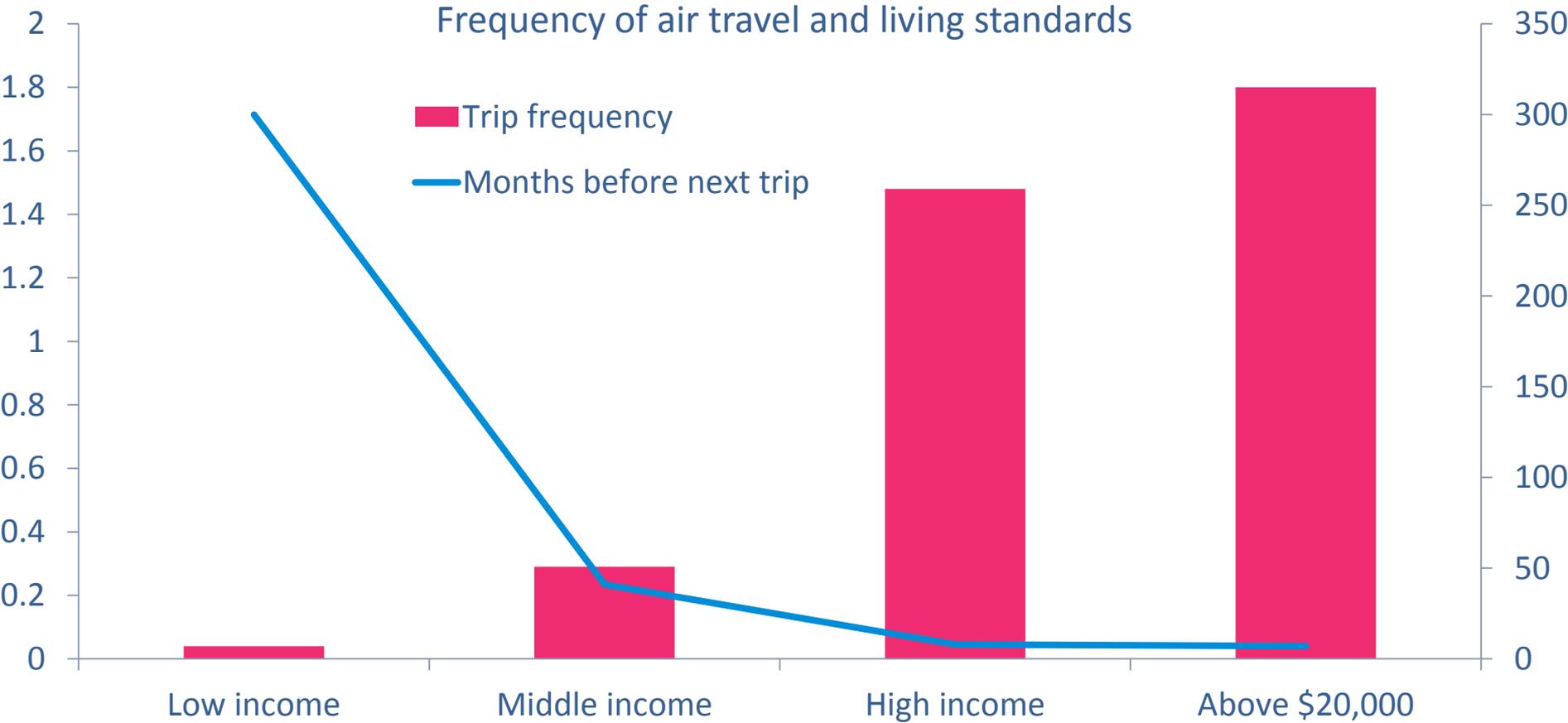
Source: IATA/TE passenger forecasts

# Important living standard thresholds to be reached

Chart 13 – Forecast changes in income groups (2015 -2035)

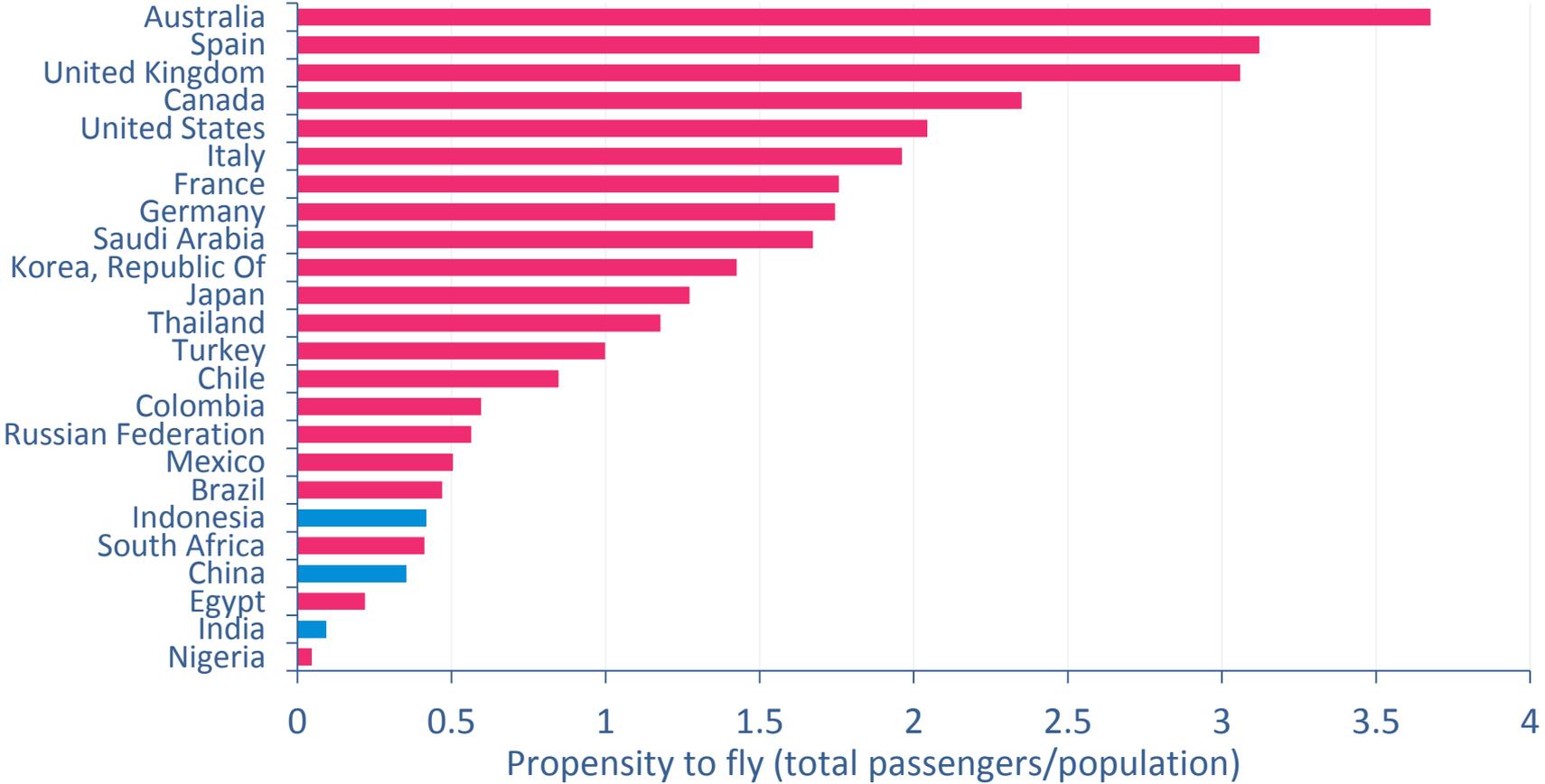


# Living standards make big difference to travel frequency



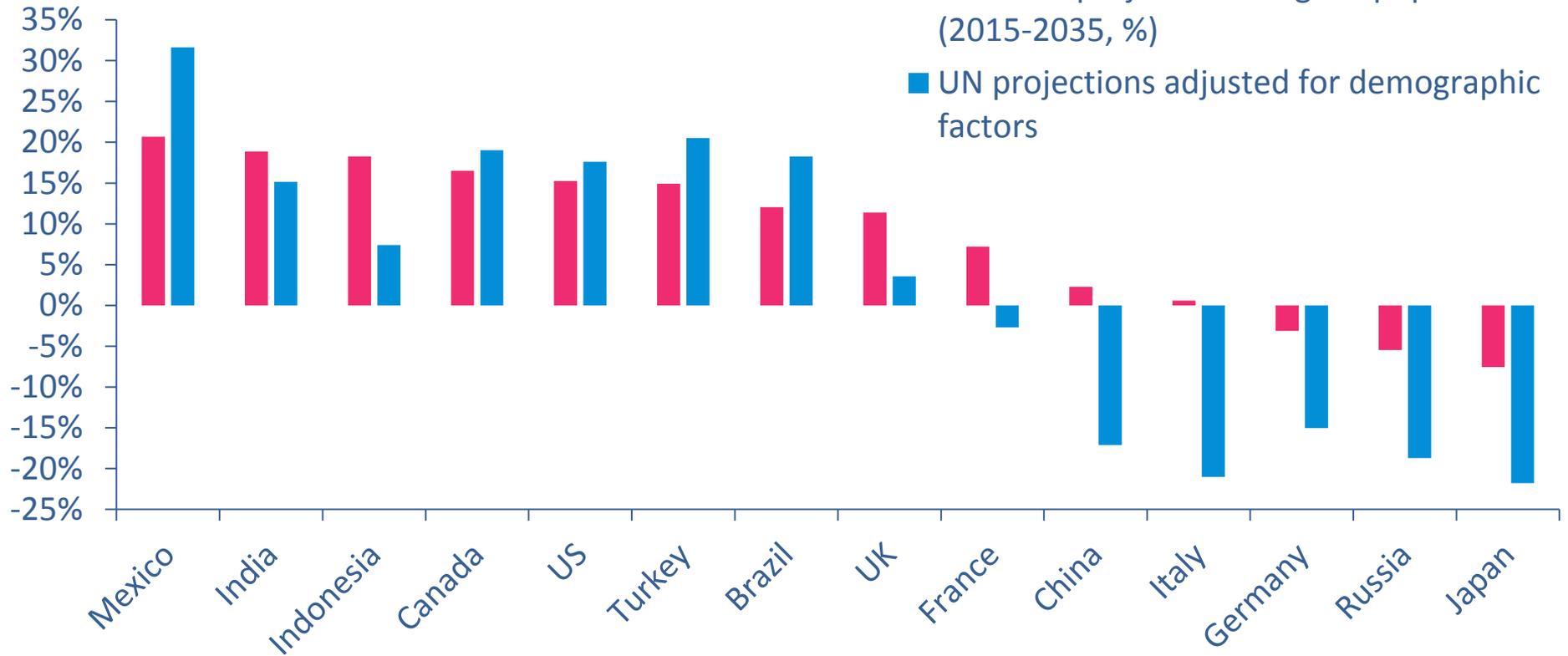
Source: IATA/Tourism Economics Air Passenger Forecasts, April 2016

# Diverse trip frequency shows the potential for growth

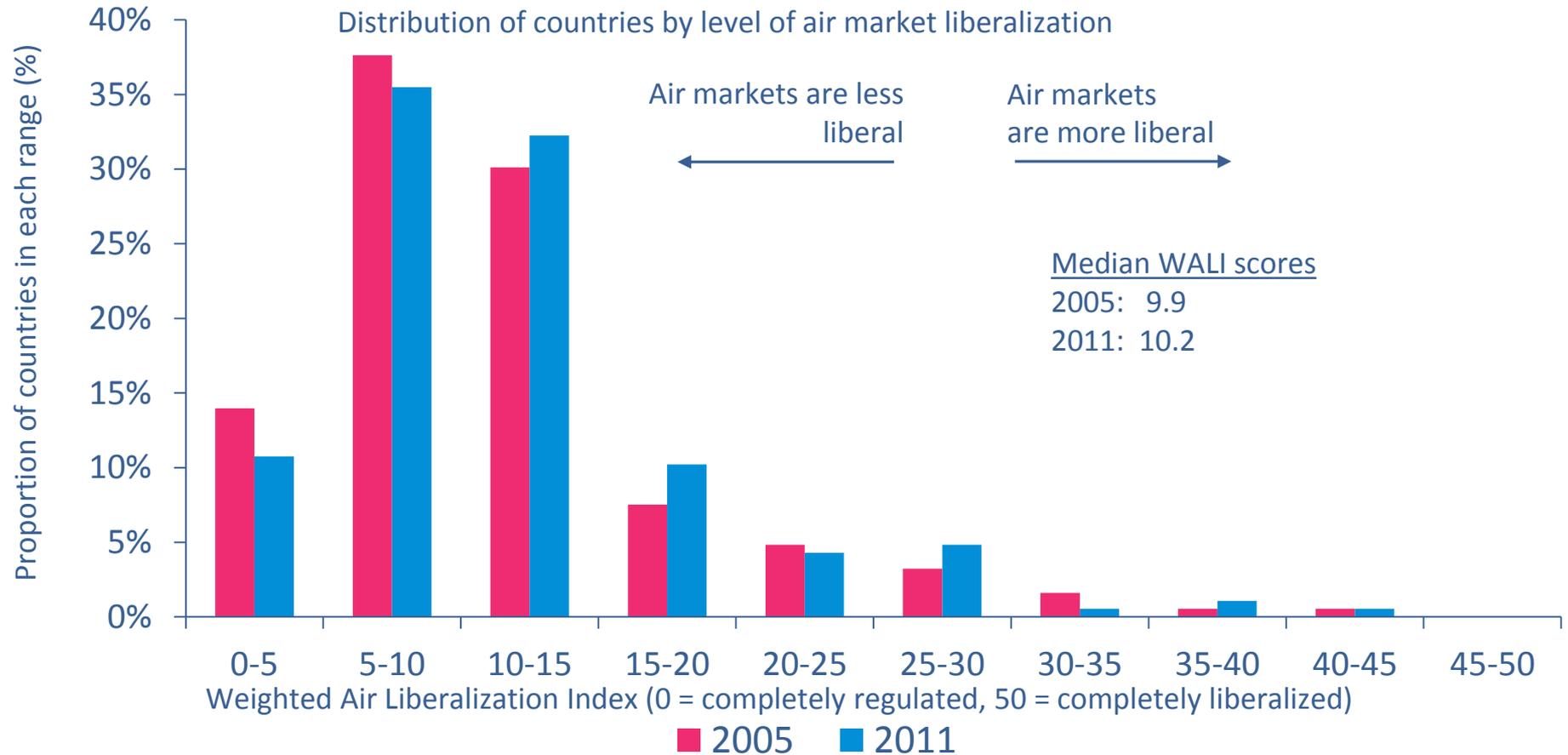


# Also very different demographic futures

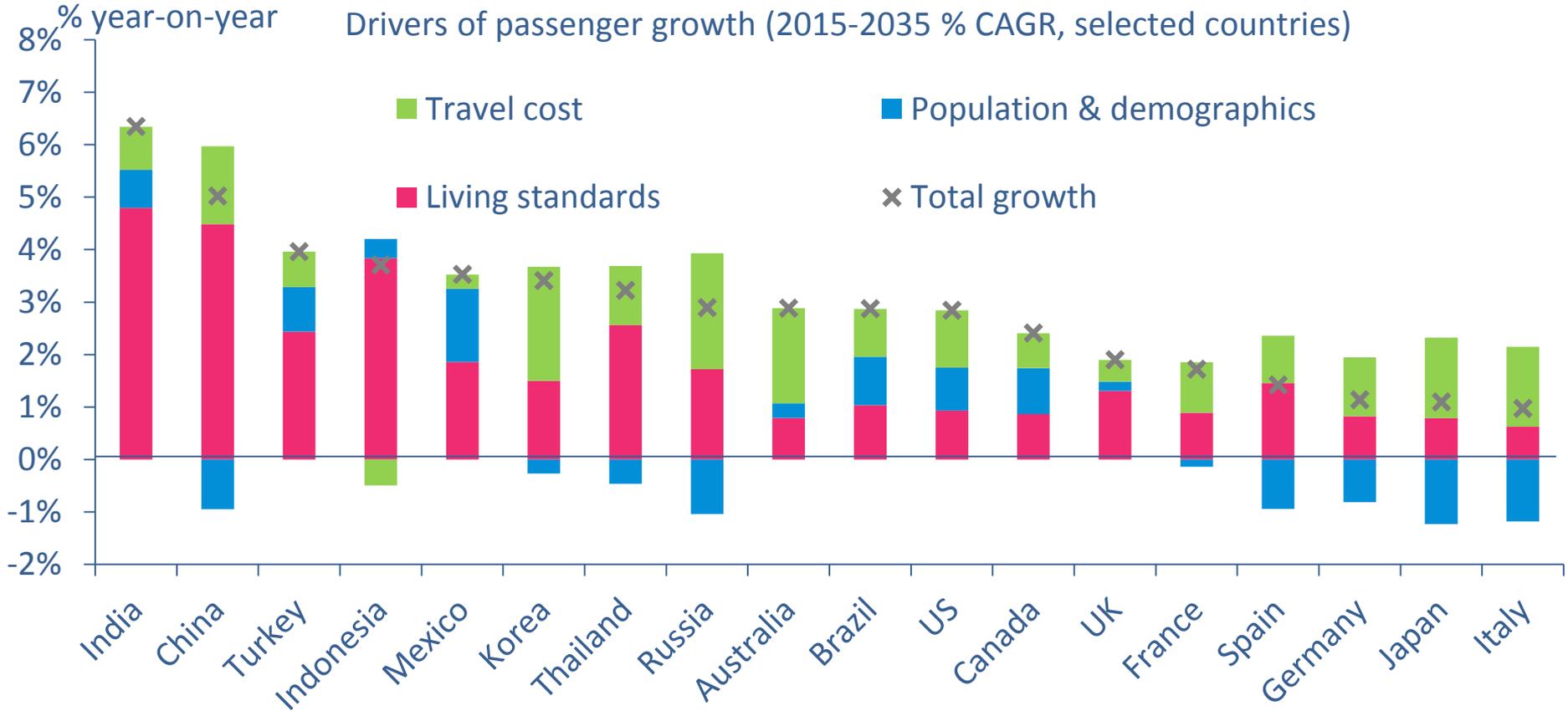
% change



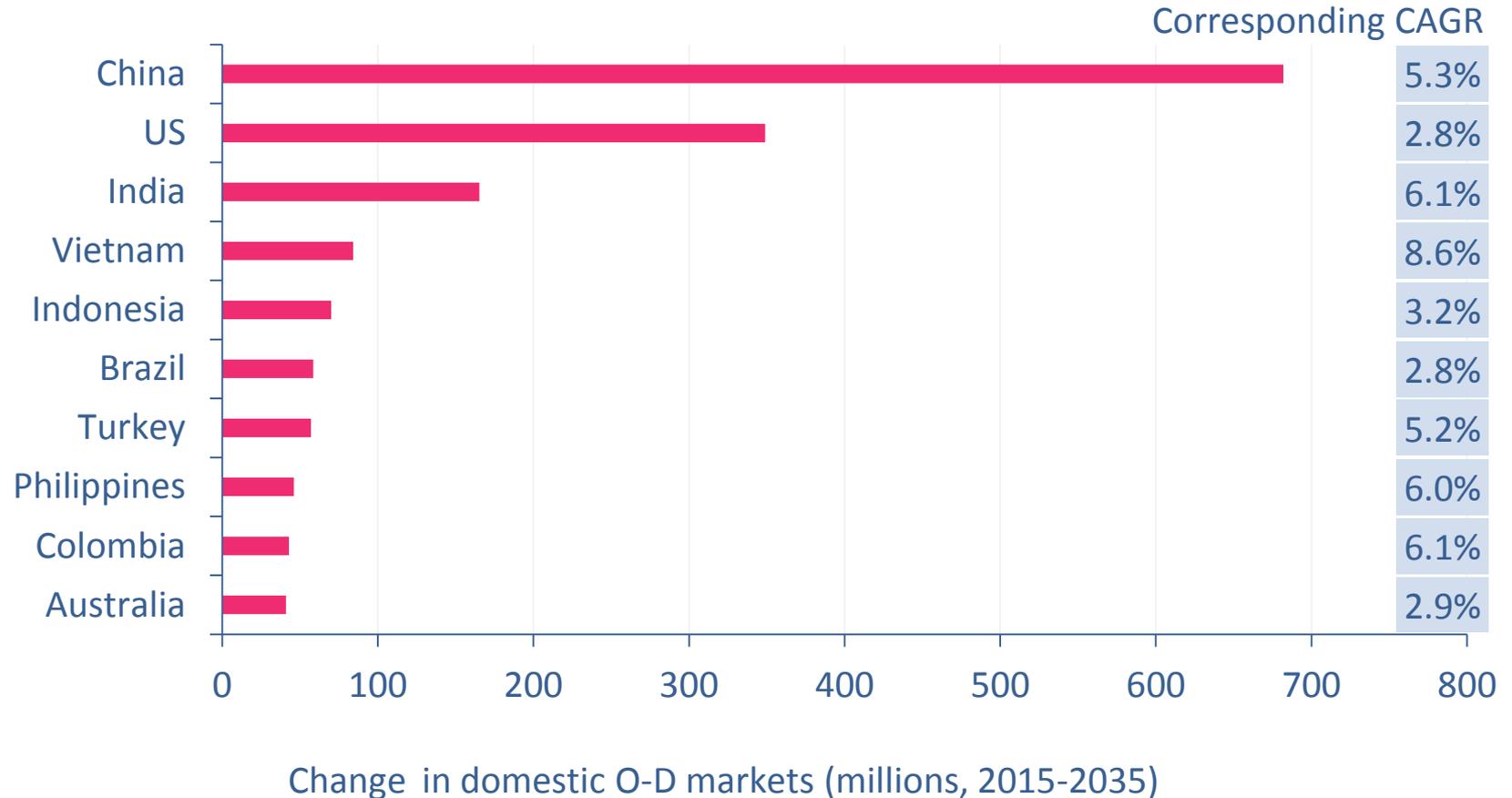
# There is also still a lot of pent-up demand (and supply)



# Wide range of growth expected over next 20 years

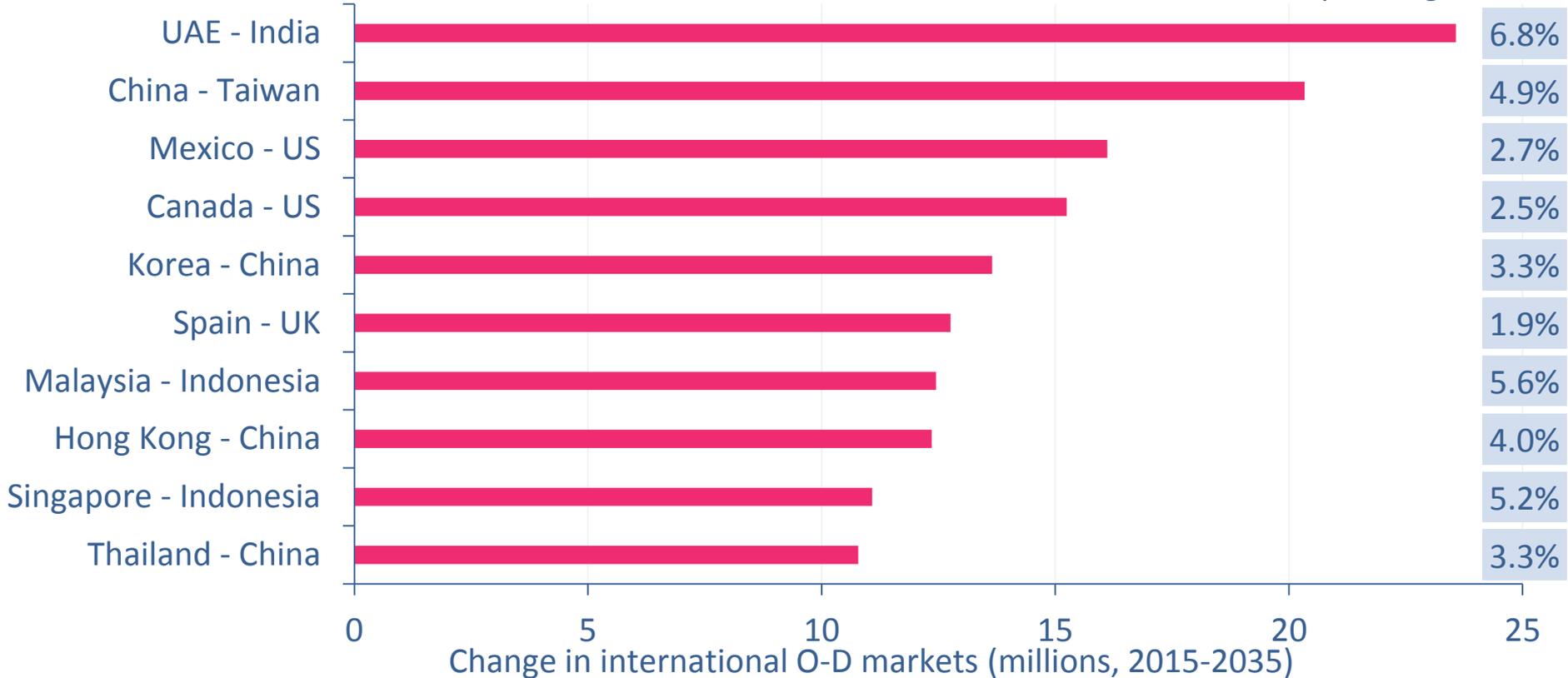


# The largest growth will be in domestic travel markets

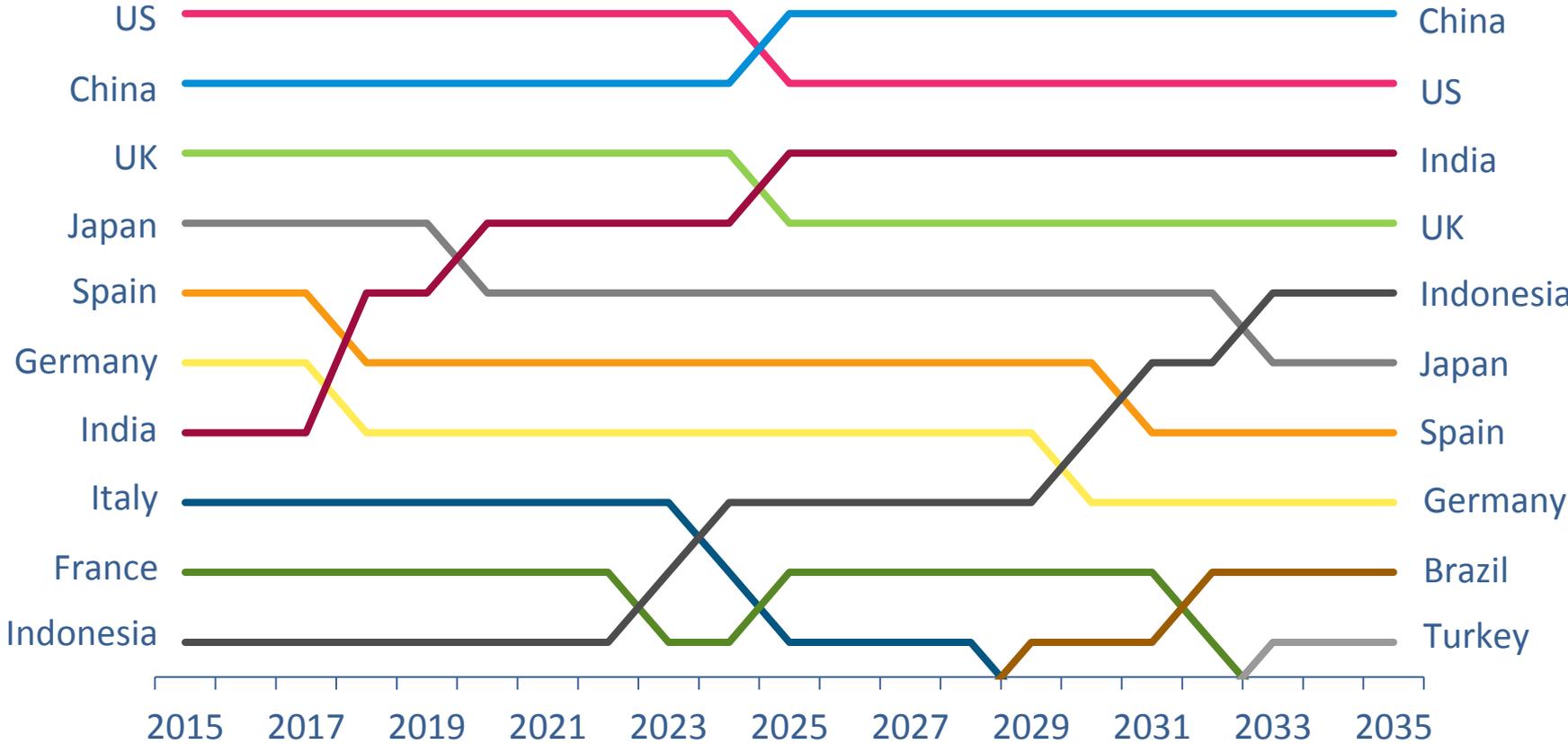


# Top international travel markets for incremental growth

Corresponding CAGR



# Significant change in the top-10 over the next 20 years



Source: IATA/Tourism Economics Air Passenger Forecasts, April 2016



# TOURISM ECONOMICS

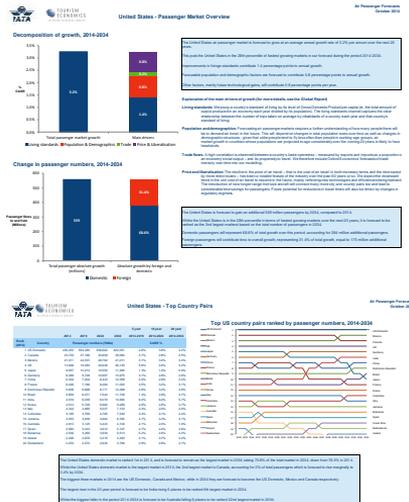
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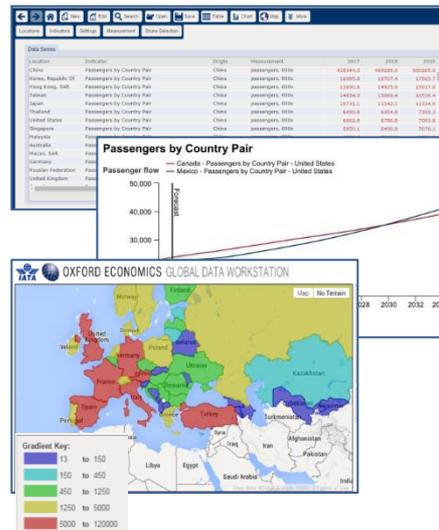
## Global Report



## Country Reports



## Online database/webtool



[www.iata.org/pax-forecast](http://www.iata.org/pax-forecast)

# LOOKING FOR INSIGHTS INTO AIR TRANSPORT MARKETS AND ISSUES?

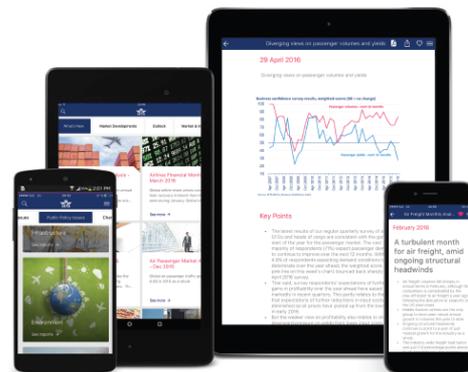
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