



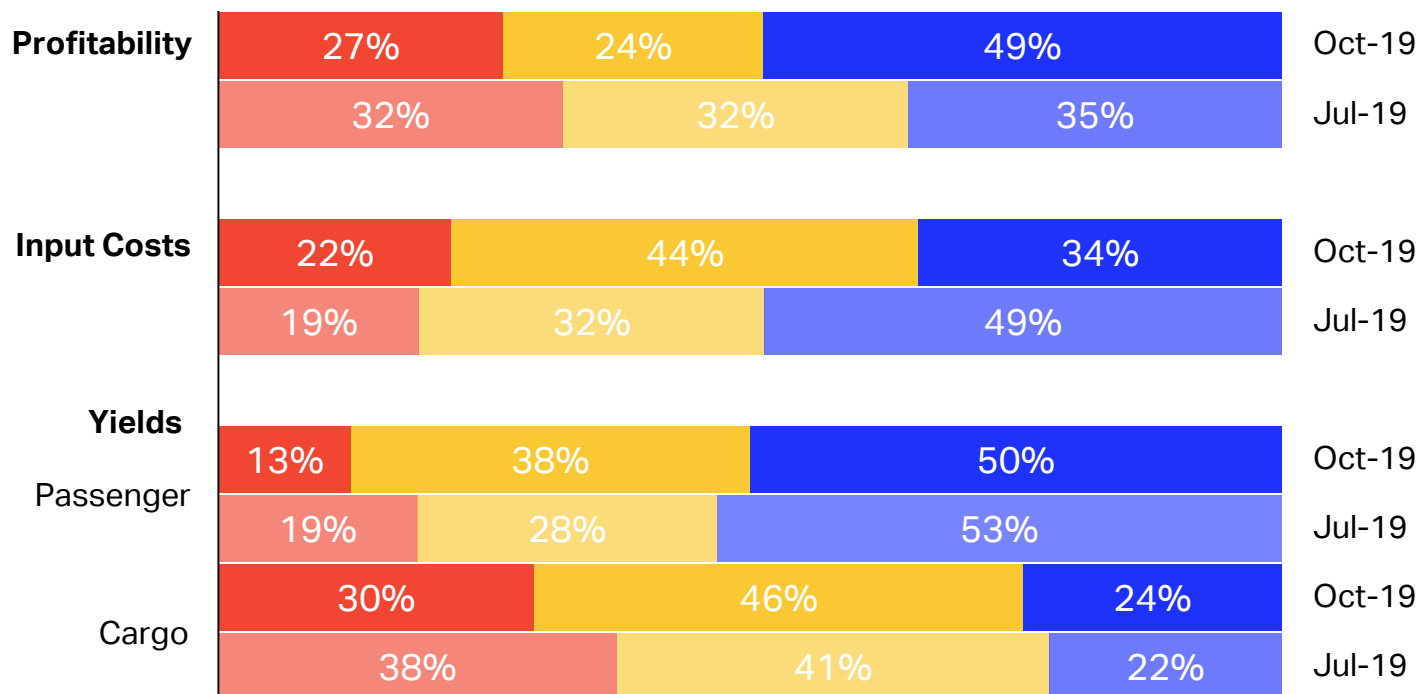
IATA Economics' Chart of the Week

01 November 2019

Q3 Business Confidence paints a mixed picture for the outlook

Forward Business Expectations (12 months ahead)

■ Decrease ■ No-Change ■ Increase



Source: IATA Airline Business Confidence Index

- This week saw the release of our October [Airline Business Confidence Index](#), a quarterly survey of airline CFOs and Heads of Cargo. The survey showed that while the operating environment remained difficult for airlines in Q3 2019, the year-ahead expectations showed some tentative signs of improvement compared with the July survey.
- The latest survey points to a modest improvement in the overall outlook for industry profitability, although it is worth noting that it remains at a relatively low level overall. Close to half of the survey respondents expect to see higher profits next year, however, more than a quarter of respondents still expect that profits will be lower in 12 months' time. This suggests that while some airlines are seeing signs of improvement, for a sizeable number the outlook remains challenging – an issue we have touched on recently in the case of [Europe](#).
- This quarter's respondents are more positive than previously regarding the outlook for input costs, with ⅓ expecting to see price increases, down from ½ last quarter. But offsetting this is a very mixed outlook for both demand and yields across the passenger and cargo segments. 81% of respondents expect passenger volumes to increase over the coming year but for cargo, the proportion is half that, at 39% (and ⅓ still expect that volumes will decline further). For yields, the contrast is similarly stark; 50% of respondents expect passenger yields will improve over the year ahead, compared with just 24% for cargo.
- With risks to the global economic outlook remaining firmly tilted to the downside this quarter's industry confidence outlook remains suitably cautious.

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