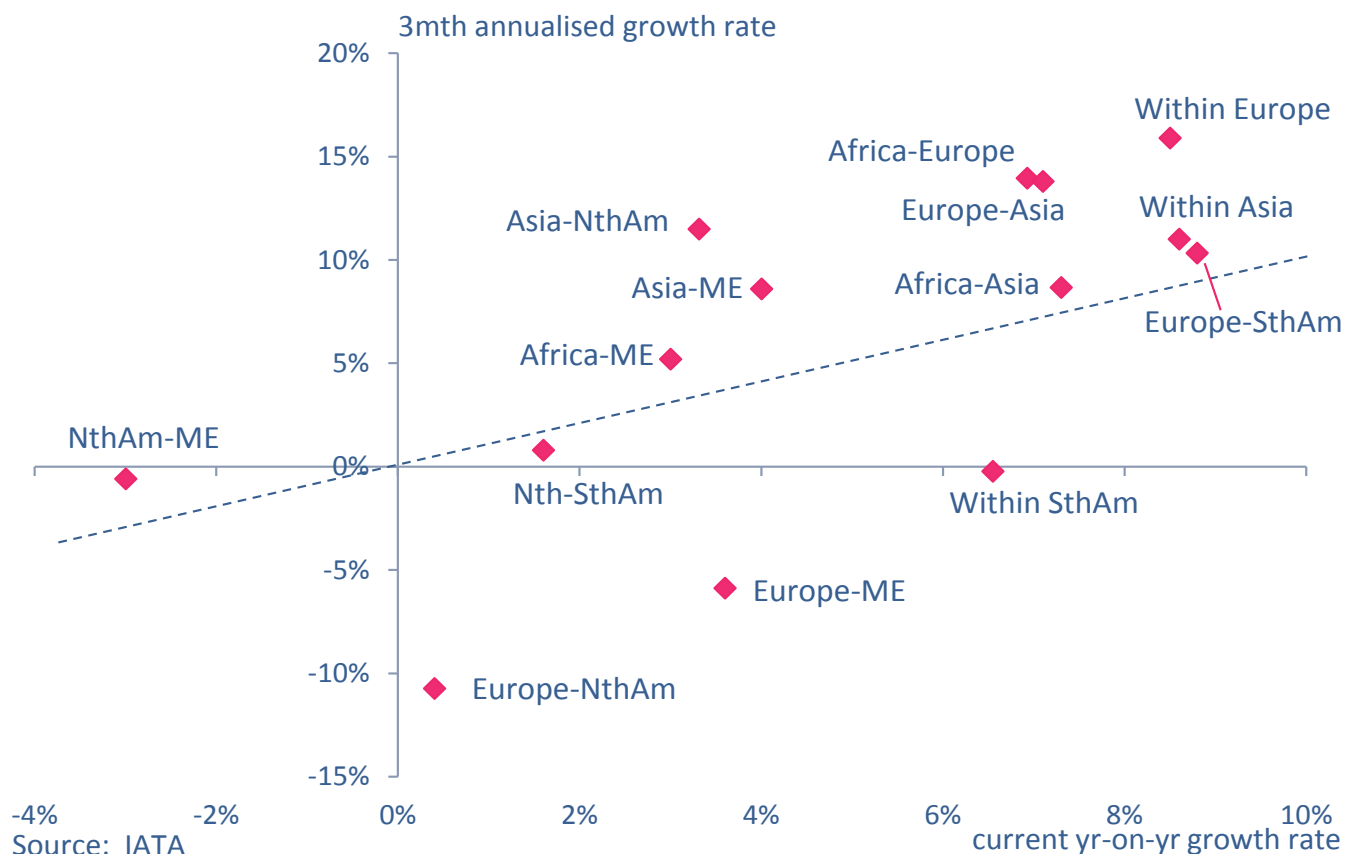




## IATA ECONOMICS' CHART OF THE WEEK

02 MARCH 2018

### WHICH PASSENGER ROUTES ARE CARRYING MOST MOMENTUM INTO 2018?



- While 2017 was a strong year for air passenger demand overall, the near-term outlook at the route-area level differs considerably. The year-on-year (yoy) growth rates tell us about the performance compared with a year ago, but do not provide a sense of the current growth *momentum*. For example, if all of the growth occurred early in the year but has since dissipated, the year-on-year growth rate will remain high but the momentum will be low, painting a very different picture about the near-term outlook.
- Today's chart plots the yoy growth rate (horizontal axis) against a simple measure of momentum – the growth over the past three months converted into an annual rate (vertical axis). The dotted line shows where the growth of the last three months matches that for the year overall; the interesting stories appear where there is divergence from this line.
- Take, for instance, the Within Europe market; not only is the yoy growth rate strong at 8.5%, the annualized growth rate (momentum) is even stronger, at almost 16%, suggesting that passenger demand remains very healthy coming into 2018. In this regard, it is notable that all of the key Asian markets sit above the dotted line, albeit to varying degrees. In contrast, Europe-North America has not only grown slowly over the past year (just 0.4%yoy) but the momentum indicator is also quite negative suggesting recent weakness in demand in this market.
- Of course, monthly data can be volatile – even the seasonally adjusted series used here – so a degree of caution should be exercised in the interpretation of today's chart. But even so, the momentum measure provides us with an additional perspective on the status of the industry that is not captured by focusing solely on the year-on-year growth rates.

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