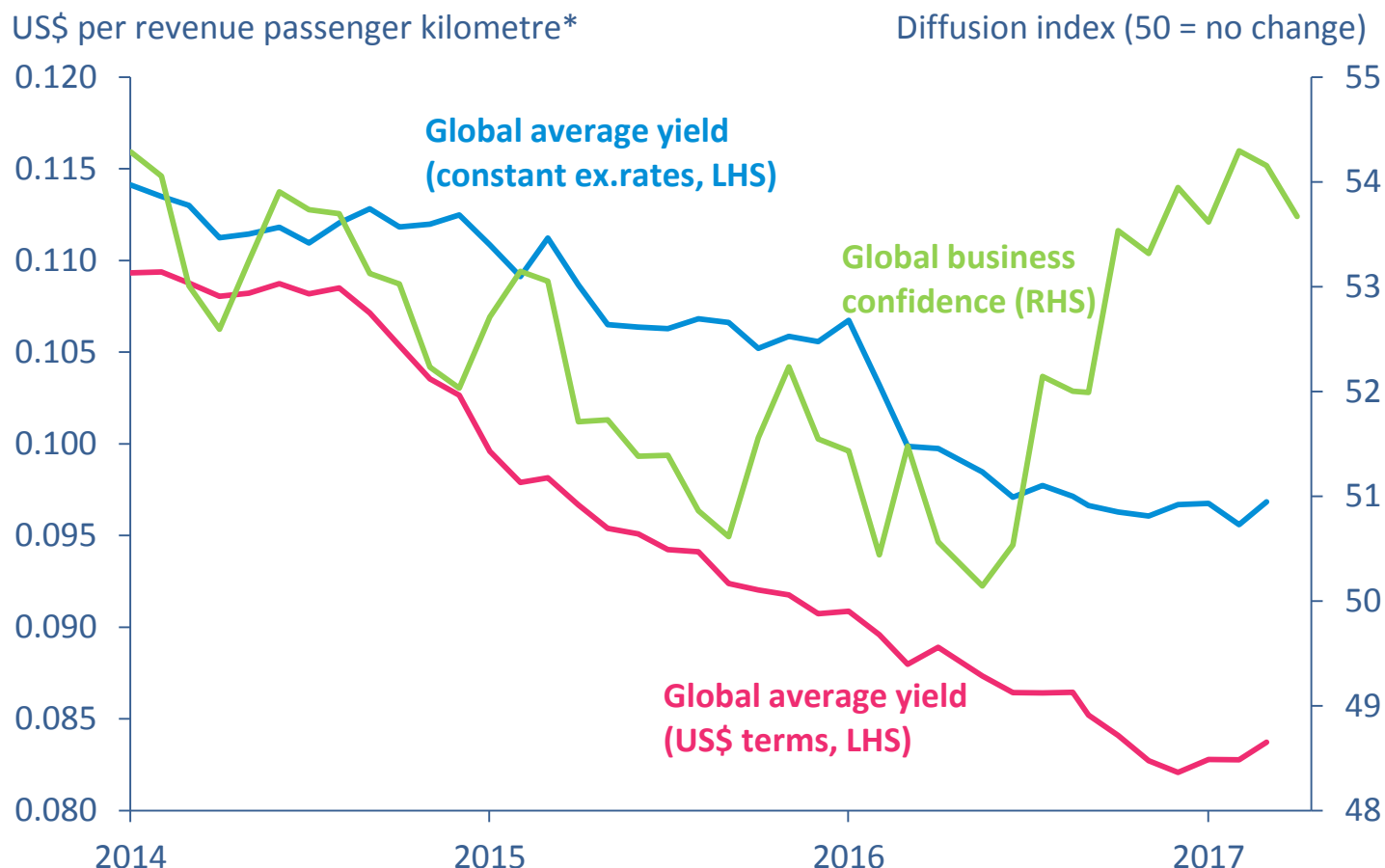




IATA ECONOMICS' CHART OF THE WEEK

19 MAY 2017

YIELDS ARE STABILIZING, HELPED BY A STRONGER ECONOMIC BACKDROP



Sources: IATA, PaxIS+, Markit

*Adjusted for seasonality

- The latest monthly data on passenger yields, from March 2017, have added to signs that the long-standing downward trend in passenger yields may be bottoming out.
- The pink line on today's chart shows the global average passenger yield measured in US dollar terms, which has now risen by 2% in seasonally adjusted terms since its recent low in December. Admittedly, this pick-up has been distorted by a similar-sized fall in the value of the dollar over the same period. (This distortion relates to the fact that the portion of airline transactions that are *not* priced in US dollars now translate into more dollars than they did just a few months ago when expressed in the common currency.)
- However, we are able to adjust for the impact on currency fluctuations (the blue line). When measured in constant exchange rate terms, the bigger picture is that yields have trended sideways since the middle of 2016.
- The stabilization in airfares and yields since the middle of last year has been helped by a stronger economic backdrop, as evidenced by the sharp rise in global business confidence over the period (the green line on today's chart).

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