Global economic cycle has slowed

Source: Markit, Netherlands CPB
But moderately better growth is expected

Source: IMF World Economic Outlook
Oil prices now expected to be lower for longer

Brent spot oil price

Source: Datastream
Net impact - air travel demand is strong

Source: IATA Monthly Statistics
Cargo is weak

Air cargo volumes (FTKs per month)

Source: IATA Monthly Statistics
New routes expanding faster than frequencies

Source: SRS Analyser, IATA Economics calculations

Domestic Asia
Intra-Asia
To/from Asia
Domestic Europe
Intra-Europe
To/from Europe
Domestic N.America
Intra-N.America
To/from N.America
Domestic Asia

Change in number of direct airport connections
Change in average flight frequency

Note: Bubble size indicates the relative size of the market
Airline capital is more productive and margins are higher

Source: IATA Economics
Profits boosted by wider gap above break-even load factors

Source: IATA Economics
Airlines paying investors a ‘normal’ return for 1st time

Source: McKinsey & Company, IATA Economics
But good performance is not widespread

2014 return on capital by region

Source: The Airlines Analyst, IATA Economics
Next 20 years Asia-Pacific is the leading growth region

Increase in annual passenger numbers by 2034, million

- Africa: 4.4% pa
- Middle East: 4.6% pa
- L America: 4% pa
- Europe: 2.4% pa
- N America: 3.2% pa
- Asia Pacific: 4.8% pa

Demographics shifts are a key driver


Adjusted for changes in age structure

UN population growth forecasts
Important thresholds reached for living standards

GDP per capita forecasts

United States

Eurozone

Brazil

China

Nigeria

Middle-higher income threshold

Multiplier boost to the propensity to fly

Large potential also from further market liberalization


Distribution of countries by level of air market liberalization

Median WALI scores
2005: 9.9
2011: 10.2

Most obviously on short-haul markets

Demand for fuel will rise strongly under most scenarios

**Commercial airline demand for fuel**

- Markets opened, more globalization: +2.3x
- Current policies: +1.8x
- Closing borders, less globalization: +1.4x