Maneuvering in difficult times
World Cargo Symposium
15 March 2016 Berlin

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To represent, lead and serve the airline industry
Global economy has stagnated – “new mediocre” is “new reality”
IMF forecasts have continuously been revised down

% change over year

2012 2013 2014 2015 2016*

Source: IMF

Forecast Revisions

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In advanced economies, Euro area a key story
US economy slowing but underlying drivers are positive

Unemployment rate, %

Year-over-year % change hourly earnings

Nominal wage growth all nonfarm workers

Source: Economic Policy Institute, Bureau of Labor
China’s rebalancing and slowing has hit commodity exporters
Financial market volatility can impact real economy
Deflationary pressure have adverse impacts on demand
World trade has been weak but positive momentum for FTKs
Consumer confidence is a source of optimism

![Graph showing consumer confidence trends for US, China, and EU from Feb-08 to Feb-16. The graph indicates that confidence in the US and China has fluctuated significantly, with a notable increase in recent years, whereas the EU has shown a more stable trend with a gradual increase. The data is sourced from DatasStream.](image-url)
Purchasing managers index on export orders bearish in short term

Source: Markit, IATA
Semi-conductor shipments are contracting
Fuel prices fall - short term gain but can be a double-edged sword

Source: Platts, Oanda, DigitalLook
Freighters have been coming out of storage
Passenger business outstrips cargo

Index (Jan 2008 =100)

Source: IATA
Widebody payload capacity deliveries leads to bulging belly

Source: Ascend, IATA
Yields stable but pressure likely to build

Source: IATA CASS
Summing it up

- Macro-economy: “new mediocre” is “new reality”
- Positive momentum in air cargo but short-term export weakness a concern
- Mid-term consumer confidence can be a source of optimism
- Air cargo capacity rising as lower fuel prices prevail
- Yields likely to come under increasing pressure