The sharp fall in global oil prices over the past year or so has lowered airlines’ fuel bills. From a peak of 37% in late-2011, fuel and oil’s median share of total operating costs for our sample of the world’s largest airlines fell below 27% in the June 2015 quarter.

There is of course wide variation in the situations for individual airlines, reflecting a host of factors such as fuel hedging, differing business models and local labour market conditions. However, in aggregate for our sample, employee costs overtook fuel as airlines’ largest single operating cost component in the middle of 2015.

At a global level, 2015 is set to be the first year on record in which airlines reward equity investors with a ‘normal’ return for risking their capital. But in past cycles, higher profits have been followed by higher costs, as efficiency efforts slackened in the face of powerful supplier pressure, including pressure from labour. Sustaining and spreading good airline financial performance in this cycle is now going to require a focus on getting the best performance out of non-fuel inputs, including labour.