



# IATA: STRONG DEMAND MOMENTUM MAINTAINED IN AUGUST 2015

News / Airlines



The International Air Transport Association (**IATA**) announced global passenger traffic results for August showing a continuation of the **strong** growth in air travel **demand** for both domestic and international traffic. Total revenue passenger kilometers (RPKs) rose 7.1% compared to the year-ago period. **August** capacity (available seat kilometers or ASKs) increased by 5.9%, and load factor rose 0.9 percentage points to a record 84.7%.

“August results continue the trend of strong demand for air travel, despite some softening in global economic growth, particularly in emerging markets,” said Tony Tyler, IATA’s Director General and CEO.

“Airlines are committed to meeting growing demand sustainably. The record high load factor of 84.7% is a great indicator of improved efficiency—a 17 percentage point increase over the industry’s performance a decade ago. This is just one indicator of the aviation industry’s determination to achieve carbon neutral growth from 2020,” said Tyler. Yesterday IATA was among the signatories at the Global Sustainable Aviation Summit of an open letter from the industry to governments . The industry called on governments to agree on the implementation of a simple, global offsetting scheme which will stabilize air transport carbon emissions, and to endorse a global CO2 standard for new aircraft.

## International Passenger Markets

August international passenger demand rose 7.1% compared to the same month last year, with

airlines in all regions recording growth, led by Middle East carriers. Total capacity climbed 5.8% pushing load factor up 1.0 percentage point to 85.2%.

Asia-Pacific airlines' August traffic surged 7.7% compared to the year-ago period. Capacity rose 5.8% and load factor increased 1.5 percentage points to 82.5%. While emerging Asia has experienced notable declines in trade activity this year as well as slower than expected growth in China, neither factor appears to be impacting international air travel on the region's carriers.

European carriers saw traffic increase by 5.7%. Economic recovery in the Eurozone is supporting demand for international travel. Capacity climbed 4.1% and load factor rose 1.3 percentage points to 88.3%, highest among the regions.

North American airlines' traffic rose 4.5% year-over-year. Capacity climbed 3.7% and load factor rose 0.6 percentage points to 87.2%. Expectations for better economic performance are supporting demand for air travel in the region.

Middle East carriers' August demand jumped 13.7% over the same month in 2014. Major economies in the Middle East, including Saudi Arabia and the United Arab Emirates, have experienced slowdowns in non-oil sectors but the growth rates remain robust. Capacity nearly kept pace at 13.5% and load factor edged up 0.1 percentage points to 83.7%.

Latin American airlines experienced a 6.7% rise in traffic compared to August a year ago. Capacity exceeded demand at 7.1% and load factor slipped 0.3 percentage points to 82.0%. Latin America was the only region to see a decline in load factors. Despite recessionary conditions in Brazil and Argentina, improving regional trade volumes provided a boost to business-related international travel.

African airlines' traffic rose 3.6% in August year-to-year, which was the slowest growth among the regions but the second consecutive month of growth. Capacity increased 2.9%, with the result that load factor improved 0.5 percentage points to 75.2%. Adverse economic developments in parts of the continent including Nigeria, the largest economy, suggest that Africa will continue to experience weak growth at best.

#### Domestic Passenger Markets

Domestic travel demand rose 7.1% in August compared to August 2014, with double-digit growth occurring in India, China and Russia while both Brazil and Japan saw declines compared to the year-ago period. Domestic capacity was up 6.1%, and load factor improved 0.8 percentage points to 83.8%.

India's domestic demand surged 18.3% in August compared to a year ago, largely reflecting increases in service frequencies and economic strength.

Japan domestic traffic slipped 2.1% year-to-year. Although the economy remains fragile, the expectation is that a weak yen should support domestic demand over international trips.

#### The Bottom Line:

"Although the global economic outlook is decidedly mixed, demand for aviation connectivity remains strong. We are seeing the benefits of that connectivity play out at the Rugby World Cup taking place in England. Over 450,000 international fans are expected to attend the six-week pinnacle event of the sport. Ernst and Young estimate that they will directly spend GBP 870 million and add GBP 2.2 billion to the UK economy. Aviation is helping to make this enormous infusion of

spending possible. One can only speculate how much more value would be created for the UK's economy, were it not for the punitive UK Air Passenger Duty," said Tyler.

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