

Strong passenger growth in August

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The International Air Transport Association (IATA) announced global passenger traffic data for August showing that demand (measured in total revenue passenger kilometers or RPKs) climbed 7.2% compared to the year-ago period.

At the same time, the upward trend in seasonally-adjusted traffic has eased from that seen at the end of 2016. August capacity (available seat kilometers or ASKs) **increased by 6.3%, and load factor climbed 0.7 percentage points to 84.5%**, which was just below the record for the month set in 2015.

“Following the strong summer traffic season in the Northern hemisphere, 2017 is on course to be another year of strong traffic growth. However, some important demand drivers are easing, particularly lower fares. As we head towards the end of the year we still expect growth to continue, but potentially at a slower pace,” said Alexandre de Juniac, IATA’s Director General and CEO.

AUGUST 2017 (% YEAR-ON-YEAR) WORLD SHARE (1) RPK ASK PLF- %-PT (2) PLF- LEVEL(3)

Total Market	100.0%	7.2%	6.3%	0.7%	84.5%
Africa	2.2%	5.7%	3.1%	1.9%	75.6%
Asia Pacific	32.9%	9.0%	8.6%	0.3%	82.6%
Europe	26.5%	7.0%	5.7%	1.1%	88.0%
Latin America	5.2%	7.5%	6.9%	0.4%	81.7%

AUGUST 2017 (% YEAR-ON-YEAR) WORLD SHARE (1) RPK ASK PLF- %-PT (2) PLF- LEVEL(3)

Middle East	9.6%	5.4%	5.4%	0.0%	81.1%
North America	23.7%	6.0%	4.7%	1.0%	86.1%

(1) % of industry RPKs in 2016 (2) Year-on-year change in load factor (3) Load factor level

International Passenger Markets

August international passenger demand rose 7.0% compared to August 2016. All regions recorded **increases, led by airlines in Latin America**. Capacity climbed 6.1%, and load factor edged up 0.8 percentage points to 84.5%.

- **European carriers** saw August demand climb 6.9% year-to-year, which was a slowdown from the 7.9% growth recorded in July. International traffic on routes within Europe has slid in recent months, in seasonally-adjusted terms, despite a strengthening regional economic backdrop. Traffic conditions on the Europe-Asia route have also softened on a seasonally-adjusted basis. Capacity rose 5.5%, and load factor climbed 1.2 percentage points to 88.3%, which was the highest among regions.
- **Asia-Pacific airlines'** August traffic increased 8.6% compared to the year-ago period, which was an acceleration compared to the 6.6% rise in July. However, the same trend of softening demand growth on routes within the region was apparent. Capacity rose 8.3% and load factor inched up 0.2 percentage points to 81.4%.
- **Middle Eastern carriers** posted a 5.5% traffic increase in August, well below the five-year average pace of 11.1%. The Middle East-to-North America market in particular has been hit by a combination of factors, including the now lifted cabin ban on large portable electronic devices, as well as a wider impact from the proposed travel bans to the US. Traffic growth on the segment was already slowing in early-2017, in conjunction with an easing in the pace of growth of nonstop services flown by the largest Middle Eastern airlines. Capacity increased 5.1%, with load factor rising 0.3 percentage points to 81.4%.
- **North American airlines'** international demand rose 5.5% compared to August a year ago, up from 4% growth recorded in July and nearly double the five-year average of 3.1%. However, there are signs that inbound travel to the US is being negatively-impacted by the additional security measures now involved with

travelling there. Capacity rose 3.9%, and load factor grew by 1.4 percentage points to 86.6%.

- **Latin American airlines** experienced a 9.3% demand increase in August compared to the same month last year. Although this was down from the 11.1% increase in July, it was still the strongest performance among regions. Capacity increased by 10.1% and load factor slid 0.6 percentage points to 82.7%, making the region the only one to see a decline in load factor. Traffic on the North-South America route has recovered in recent months, helped in part by signs of ongoing recovery in Brazil, the region's largest economy. Meanwhile, international RPKs flown between North and Central America, as well as within South America, have also continued to trend strongly upwards.
- **African airlines'** traffic climbed 6.4% in August. The continent's two largest economies, Nigeria and South Africa, both exited from economic recessions during the second quarter of the year. Nonetheless, seasonally adjusted traffic has broadly tracked sideways so far this year. Capacity rose 3.4%, the smallest increase among regions, and load factor surged 2.1 percentage points to 75.7%.

Domestic Passenger Markets

Demand for domestic travel climbed 7.6% in August compared to August 2016, on pace with the 7.5% growth recorded in July. **Capacity rose 6.9%** and load factor increased 0.6 percentage points to 84.5%. All markets reported demand increases with the exception of Australia.

	AUGUST 2017 (% YEAR-ON-YEAR) WORLD SHARE¹	RPK	ASK	PLF (%-PT)²	PLF (LEVEL)³
Domestic	36.3%	7.9%	6.9%	0.6%	84.5%
Dom. Australia (4)	1.0%	-0.1%	-2.9%	2.1%	77.7%
Dom. Brazil (4)	1.2%	5.5%	3.6%	1.4%	80.3%
Dom. China P.R. (4)	8.7%	10.0%	10.4%	-0.3%	85.6%
Dom. India (4)	1.3%	16.0%	15.1%	0.6%	82.9%

AUGUST 2017 (% YEAR-ON-YEAR) WORLD SHARE¹ RPK ASK PLF (%-PT)² PLF (LEVEL)³

Dom. Japan (4)	1.1%	9.0%	2.8%	4.4%	78.7%
Dom. Russian Fed (4)	1.3%	8.3%	8.4%	-0.1%	89.1%
Dom. USA (4)	15.0%	6.4%	5.3%	0.8%	85.6%

(1) % of industry RPKs in 2016

(2) Year-on-year change in load factor

(3) Load factor level

(4) The seven domestic passenger markets for which broken-down data are available account for 30% of global total RPKs and approximately 82% of total domestic RPKs

- **Indian airlines** achieved a 36th consecutive month of double-digit traffic growth as demand rose 16%. Traffic continues to be stimulated by sizeable increases in the number of domestic routes served.
- **Brazil airlines'** domestic traffic climbed 5.5% year-on-year in August, up from 3.8% in the previous month. Amid signs that the economic recovery is continuing, domestic RPKs are trending upwards again, at an annualized pace of around 8%.

The Bottom Line

Progress on the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) "One year ago, states came together under the leadership of the International Civil Aviation Organization (ICAO) to achieve a historic agreement to implement a market-based measure—CORSIA—that will support airlines' efforts to stabilize emissions with carbon neutral growth.

Even as we celebrate the CORSIA anniversary we are reminded by strong traffic growth that managing aviation's carbon footprint is a major challenge. As an industry we are aligned and committed to carbon-neutral growth from 2020 and to cutting emissions to half 2005 levels by 2050. We will deliver on these commitments.

The immediate challenge is to finalize details and preparations for CORSIA. But we must also intensify our partnership with governments to tackle other key contributors to meeting our commitments. Modernizing air traffic management and the commercialization of sustainable aviation fuels are at the top of the list," said de Juniac.