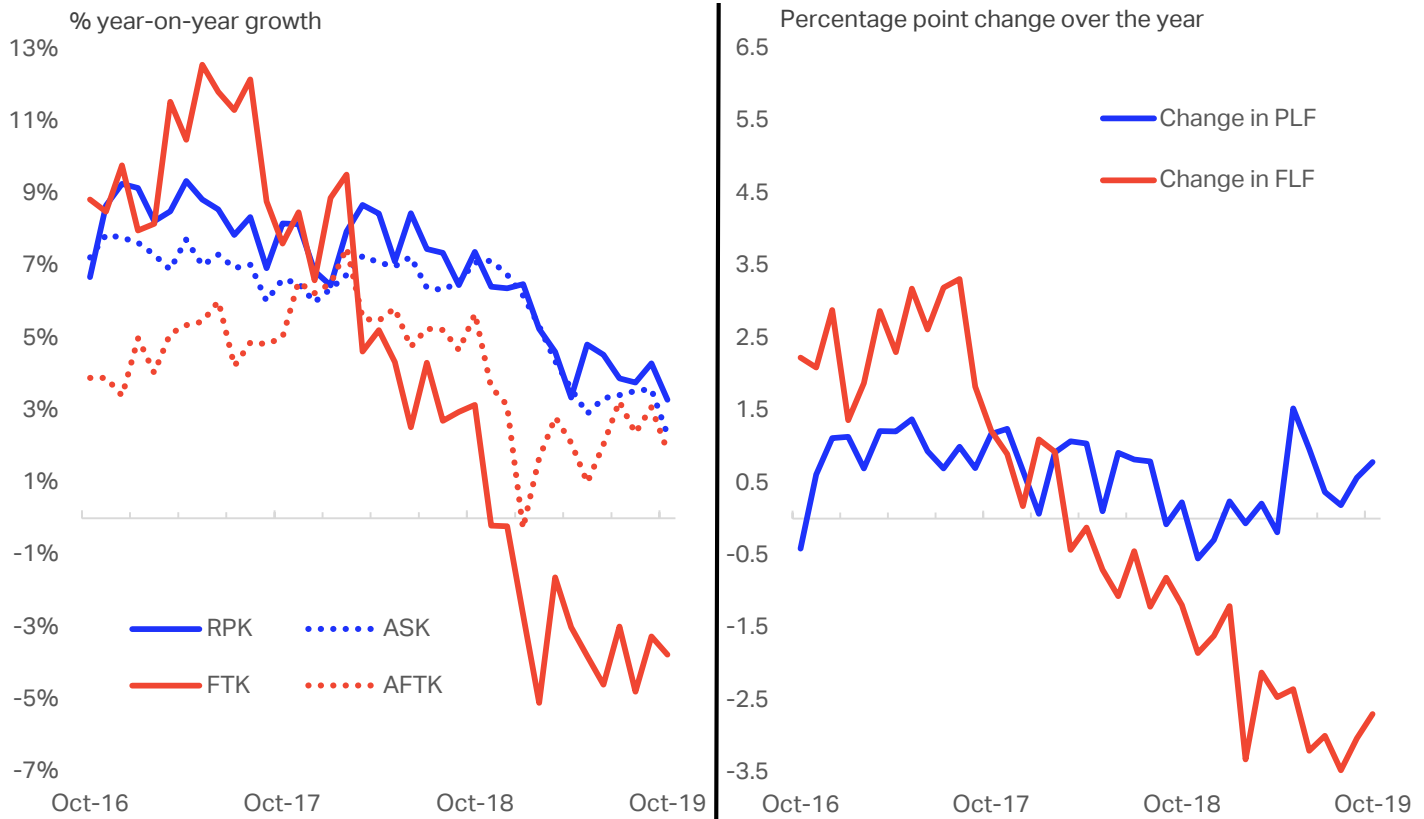




IATA Economics' Chart of the Week

06 December 2019

Another look at the contrasting fortunes of pax & freight markets



Source: IATA Economics

- Ahead of the release of our semi-annual forecast update next week, today's chart takes a detailed look at developments in the cargo and passenger markets in the last three years. The left hand panel considers both demand (RPKs, FTKs) and supply (ASKs, AFTKs) growth in annual terms for both the pax (blue) and cargo (red) markets.
- It is clear that demand has weakened in both market segments over the past 15-18 months or so. As we noted in this week's traffic updates, the decline is particularly severe for the air cargo market, where volumes are languishing around 3.5% lower over the year to date compared with the same period a year ago. Demand has also slowed noticeably for the passenger market, but growth remains positive at a moderate 4.3% currently for the year to date.
- The industry response to the slowing demand environment is also evident – capacity growth has been reduced, once again, for both the passenger and freight markets. Airlines have, however, been better at matching supply with (softening) demand for the passenger market compared with cargo. The net result of this is depicted in the right hand chart panel which shows the annual percentage point change in the passenger and freight load factor. Apart from a brief period at the end of 2018, the passenger load factor has increased in year-on-year terms. The abrupt reversal in fortunes since 2017 for the freight load factor sits in stark contrast.
- The weaker traffic outcomes for 2019 will be reflected in next week's updated estimates. Developments in the load factor matter for airline yields and financial performance – but you'll have to wait until next Wednesday to see how that translates into our financial forecast for 2019 and the outlook for 2020! As usual, we will be releasing the update simultaneously on both our [mobile app](#) (where you can elect to be notified immediately of any release) and [website](#).

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