

IATA records positive growth on July passenger demand

The International Air Transport Association (IATA) has announced its global passenger demand for July, with all regions reporting positive growth. The total revenue passenger kilometres (RPKs) reflect a 6.2% rise, compared to the same period in 2017.



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"The industry posted another month of solid traffic growth. And the record load factor shows that airlines are becoming even more efficient in terms of deploying capacity to meet demand. However, rising costs - particularly fuel - will likely limit the stimulus we would expect from lower airfares. Therefore, we do expect to see a continued slowing of growth compared to 2017," said Alexandre de Juniac, IATA's director general and CEO.

International passenger markets

July international passenger demand rose 5.3% compared to July 2017, which was a deceleration compared to the 8.2% growth recorded in June. Total capacity climbed by 4.7%, and the load factor edged up half a percentage point to 85.0%. All regions reported growth, led by Asia-Pacific for the first time in three months.

Asia-Pacific airlines' July traffic rose by 7.5% over the year-ago period, a slowdown compared to June growth of 9.6%. Capacity increased by 6.0% and the load factor rose by 1.1 percentage points to 82.1%. Growth is being supported by a combination of robust regional economic growth and an increase in route options for travellers.

European carriers posted a 4.4% rise in traffic for July compared to a year ago, down from a 7.1% annual growth in June. On a seasonally-adjusted basis, passenger volumes have been tracking sideways for the past three months, reflecting mixed developments on the economic front and possible traffic impacts related to air traffic control strikes across the region. Capacity rose by 3.9%, and the load factor climbed by 0.5 percentage points to 89.1%, the highest among the regions.

Middle East carriers had a 4.8% increase in demand for July, down on the 11.2% growth recorded for June; although this mainly is attributable to volatility in the data a year ago, rather than any major new developments. The region has been negatively impacted by a number of policy measures over the past 18 months, including the ban on portable electronic devices and travel restrictions. July's capacity climbed by 6.5% compared to a year ago and load factor dropped 1.3 percentage points to 80.3%.

North American airlines' traffic climbed 4.1% compared to July a year ago. This was down from 6.0% growth in June, but still ahead of the 5-year average pace for carriers in the region as strong momentum in the US economy is helping underpin a pick-up in international demand for airlines there. July capacity rose 2.8% with the result that load factor climbed 1.1 percentage points to 87.2%, second highest among the regions.

Latin American airlines experienced a 3.8% rise in traffic in July, the slowest growth among the regions and a decline from 5.6% year-over-year growth in June. Capacity rose 4.6% and load factor slid 0.6 percentage point to 84.2%. Signs of softening demand have come alongside disruption from the general strikes in Brazil.

African airlines' July traffic rose 6.8%, second highest among the regions. Although this represented a decline from 11.0% growth recorded in June, the seasonally-adjusted trend remains strong. Capacity rose 3.9%, and load factor jumped 2.1 percentage points to 76.0%. Higher oil and commodity prices are supporting economies in a number of countries.

Domestic passenger markets

Domestic travel demand grew by 7.8% year-on-year in July, broadly in line with the 8.0% growth recorded in June. All markets saw annual increases, with China, India and Russia posting double-digit growth rates. Domestic capacity climbed by 6.9% and load factor rose by 0.8 percentage points to 85.6%.

Russia's domestic traffic soared by 10.8% in July - a 13-month high - as rising world oil prices are helping support economic activity as well as incomes and jobs.

US domestic traffic also surged to a five-month high of 5.6%, above the five-year average of 4.2%, boosted by the rising US economy.

The bottom line

"The second half of the year got off to a solid start. The strong demand we experienced in July is confirmation that summer is when people want to travel, to explore new places and to reunite with friends and family. Unfortunately, for air travellers in Europe, summer also brought delays and disappointment, while for airlines, it meant accepting schedule inefficiencies and longer flight times. That's because air traffic capacity has not kept pace with demand and because some controllers used the opportunity of the peak traffic period to launch strikes and work slowdowns.

"Travellers want to get to their holidays on time. It's past time for the European Commission, Member States and air navigation service providers to take urgent action to eliminate European airspace bottlenecks and to discourage air traffic controllers from penalizing air travellers when they are unhappy over a contract," said de Juniac.

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