

Beat: Miscellaneous

Global air traffic growth continues to slow down in September

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USPA News - The slowdown in global air travel growth, which began to flatten during the second quarter of this year, continued in September, according to figures released by the International Air Transport Association (IATA) on Friday. Air cargo growth also continues to weaken.

The figures, which represent some 240 airlines comprising 84 percent of global air traffic, show the demand for passenger traffic was 4.1 percent above the level seen in September 2011. This is significantly lower than the 5.3 percent year-on-year growth seen in August and even lower compared to the 6 percent average growth seen throughout the first half of the year. European airlines experienced 5.4 percent growth on international services when compared to September 2011, the strongest performance among the major regions despite recession conditions in Europe. The Asia-Pacific was one of the weakest regions as demand increased by just 1.7 percent year-on-year. Though compared to August, demand in the Asia-Pacific declined by 0.3 percent. International traffic for North American airlines climbed 2.1 percent in September while capacity declined 0.2 percent, with the load factor reaching 84.6 percent, the highest for any region and a 2 percent rise over September 2011. Traffic for African airlines climbed 4.7 percent year-on-year on a 3 percent rise in capacity. Carriers in the Middle East and Latin America posted by far the strongest traffic growth in September. Demand was up 13.3 percent year-on-year in the Middle East while Latin American airlines posted a growth of 7.5 percent year-on-year. Compared to August, traffic rose 2.7 percent in Latin America, the strongest month-on-month performance for any region. "A 'two-speed' recovery is emerging into a 'multi-speed' reality," said IATA CEO Tony Tyler. "Carriers in China, Latin America and the Middle East are growing strongly. Europe's airlines are experiencing profitless growth in a strategy to manage high fixed costs and taxes. In Africa the challenge is to turn growth opportunities into profits. But for North American airlines the focus is on tightly managing capacity in order to optimize profits in a slow to no-growth environment." Demand for air cargo increased by an even weaker 0.6 percent year-on-year, representing the second notable month-on-month fall in air freight growth in as many months and eroding the stability in volumes achieved earlier in 2012. Capacity in September was trimmed 0.6 percent compared to the same period in 2011, strengthening the freight load factor to 45.6 percent from 45.1 percent a year ago. "Putting regional diversity aside, the fact that airlines are making any money at all with weak markets and high fuel prices is a tribute to their strong business performance, as evidenced by maintaining global load factors close to 80 percent since the start of 2012," Tyler said, adding that no growth was seen in the passenger market between April and August. "Even with that, airlines are expected to eke out a global net profit margin of only 0.6 percent. It's a tough year."

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