

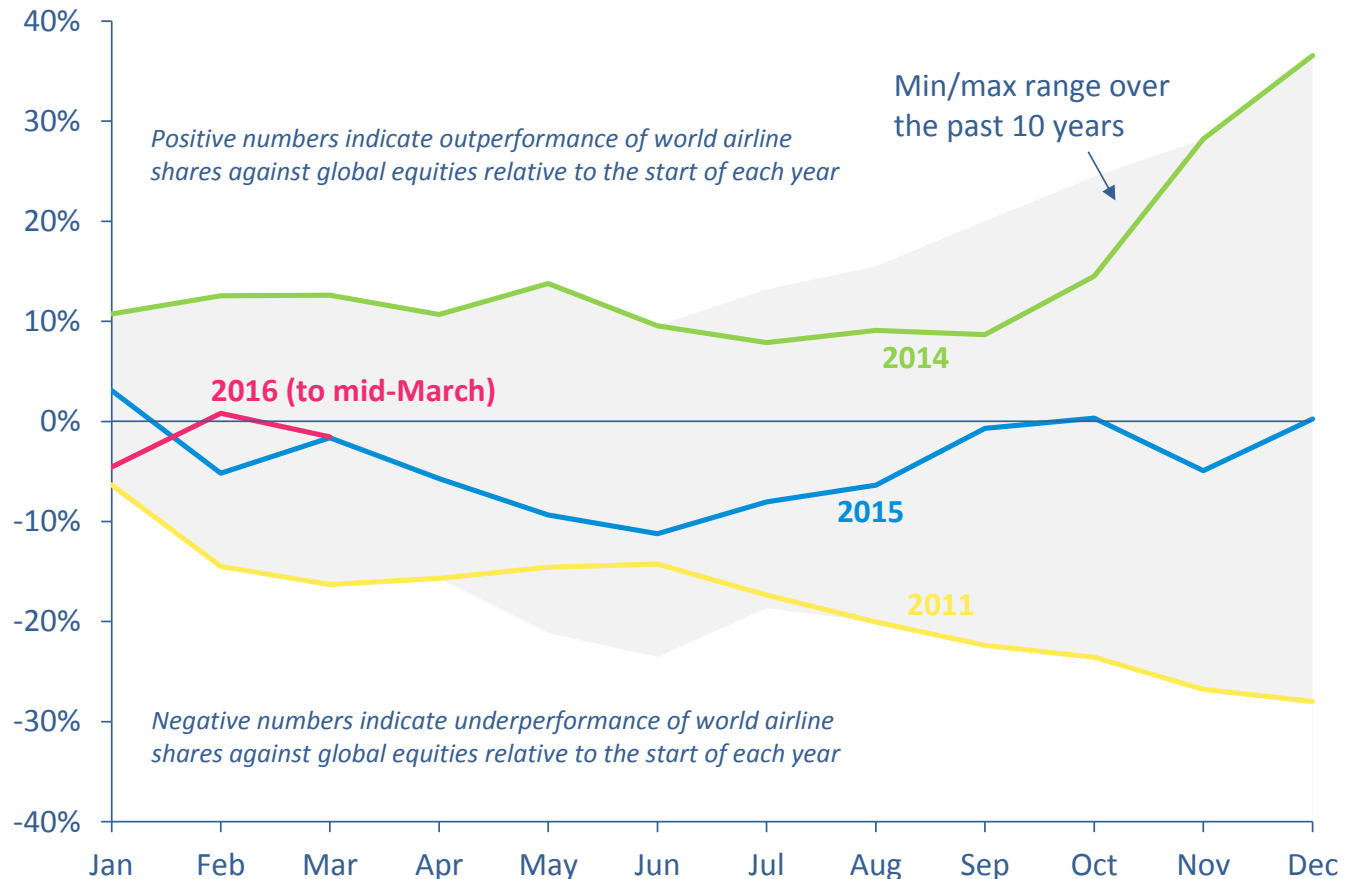


IATA ECONOMICS' CHART OF THE WEEK

18 MARCH 2016

GLOBAL AIRLINE SHARES ARE HOLDING THEIR OWN IN 2016 SO FAR

Relative performance of world airline shares vs. global equities (vs. the start of each year)



Sources: IATA Economics, Thomson Reuters Datastream

- Global airline shares have both outperformed and underperformed global equities by wide margins over recent years. Perhaps unsurprisingly, the biggest divergences have tended to coincide with large movements in oil prices, which have caused the market to reassess the outlook for industry profitability. Indeed, global airline shares underperformed global equities by 28% over 2011 as a whole after oil prices climbed back over \$100/bbl. Meanwhile, airline shares outperformed global equities throughout 2014, most notably in the final quarter following the plunge in oil prices.
- Having performed broadly in line with the wider market over 2015 as a whole, airline shares have more or less held their own in relative terms during the volatile financial conditions seen so far in 2016. At the time of writing, airline shares were 3.9% lower than the start of the year, compared to a 2.4% fall in global equities over the same period.
- This relatively modest underperformance of airline shares may relate in part to the fact that oil prices have risen by over 50% since their January lows. Nonetheless, with passenger loads recently reaching record highs for the month of January, the bigger picture is that investors expect airlines' strong financial performance at the end of last year to have continued into 2016. (For further discussion of airlines' financial health, see our latest *Airlines Financial Monitor* [link](#)).

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