



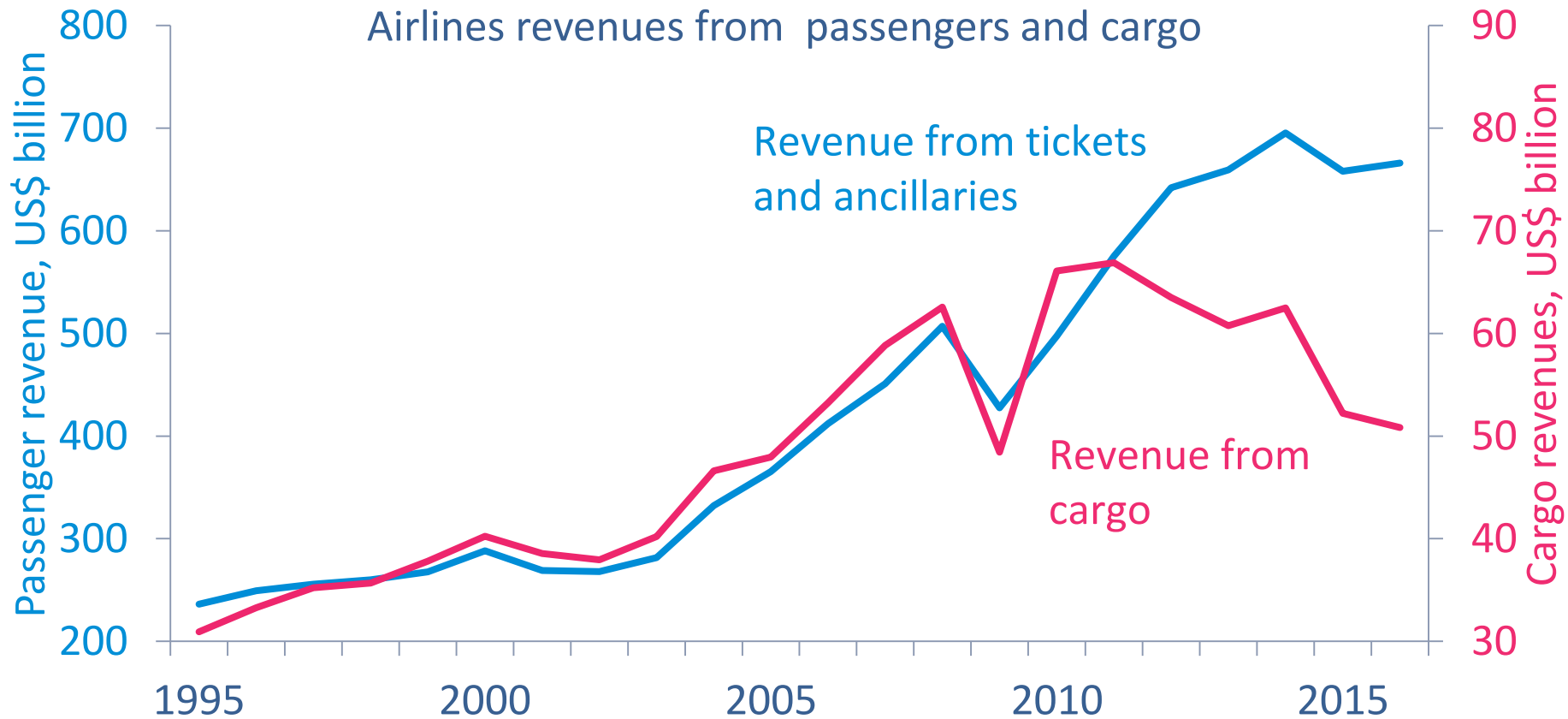
Divergent performance in the Americas

March 2016

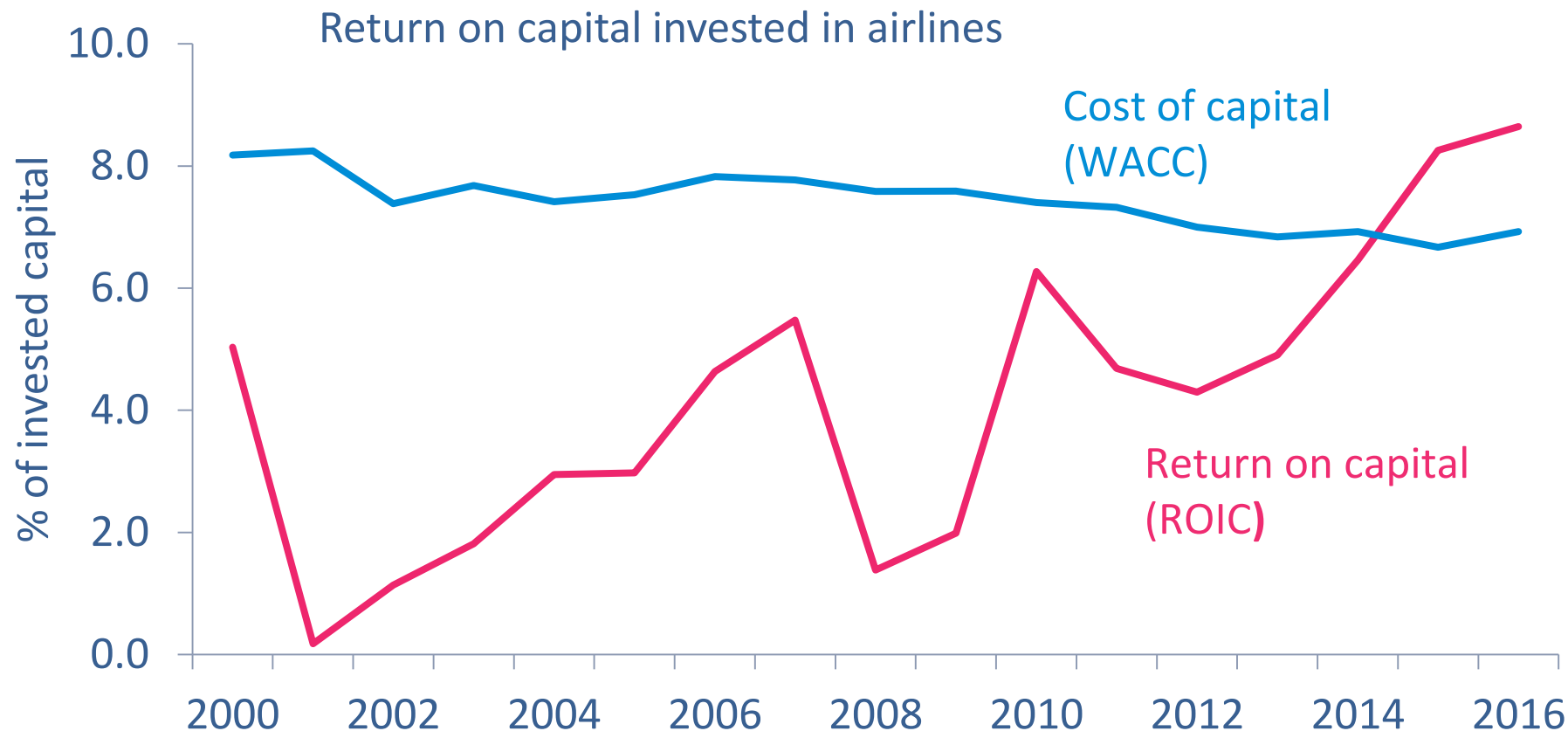
Brian Pearce
Chief Economist
International Air Transport Association



Global travel still very strong, unlike cargo

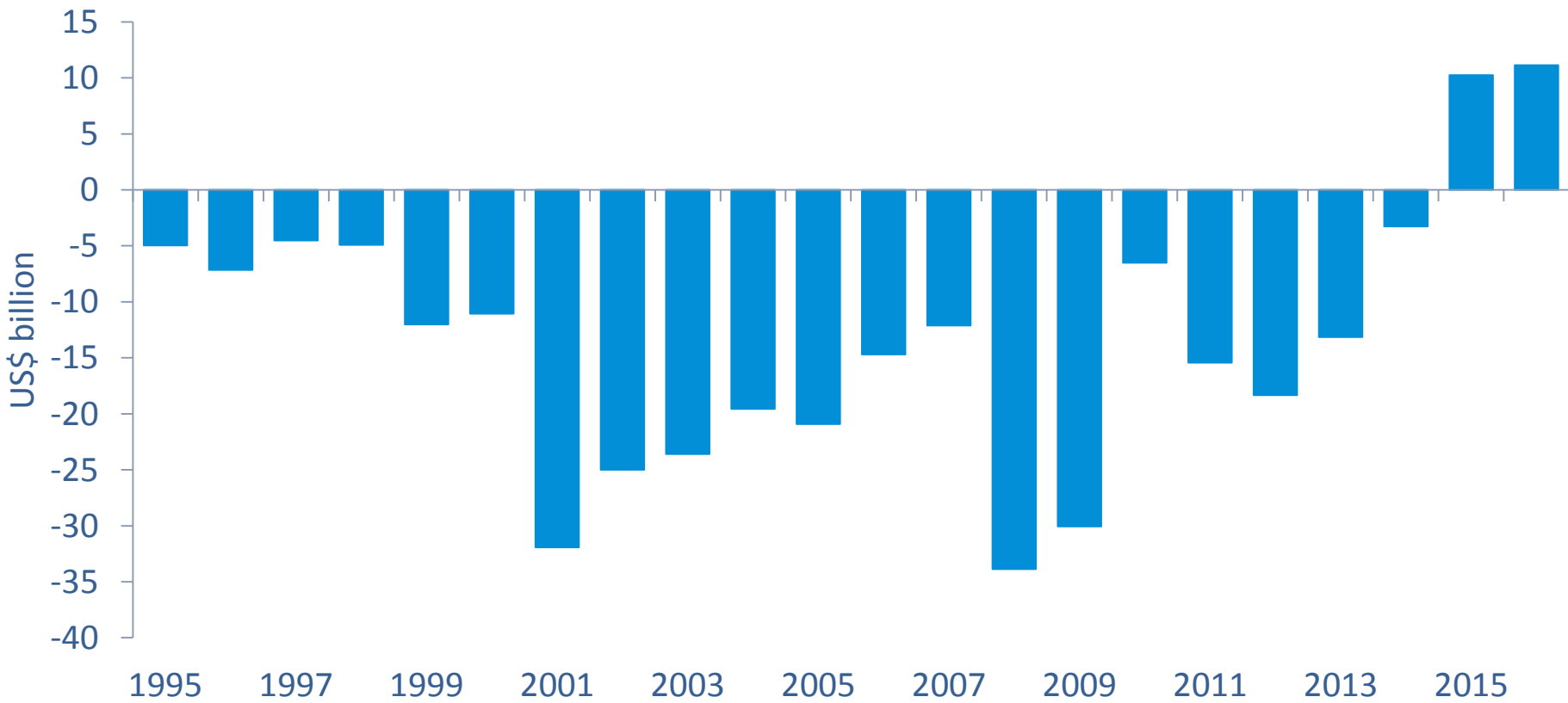


The airline industry is performing well, on average

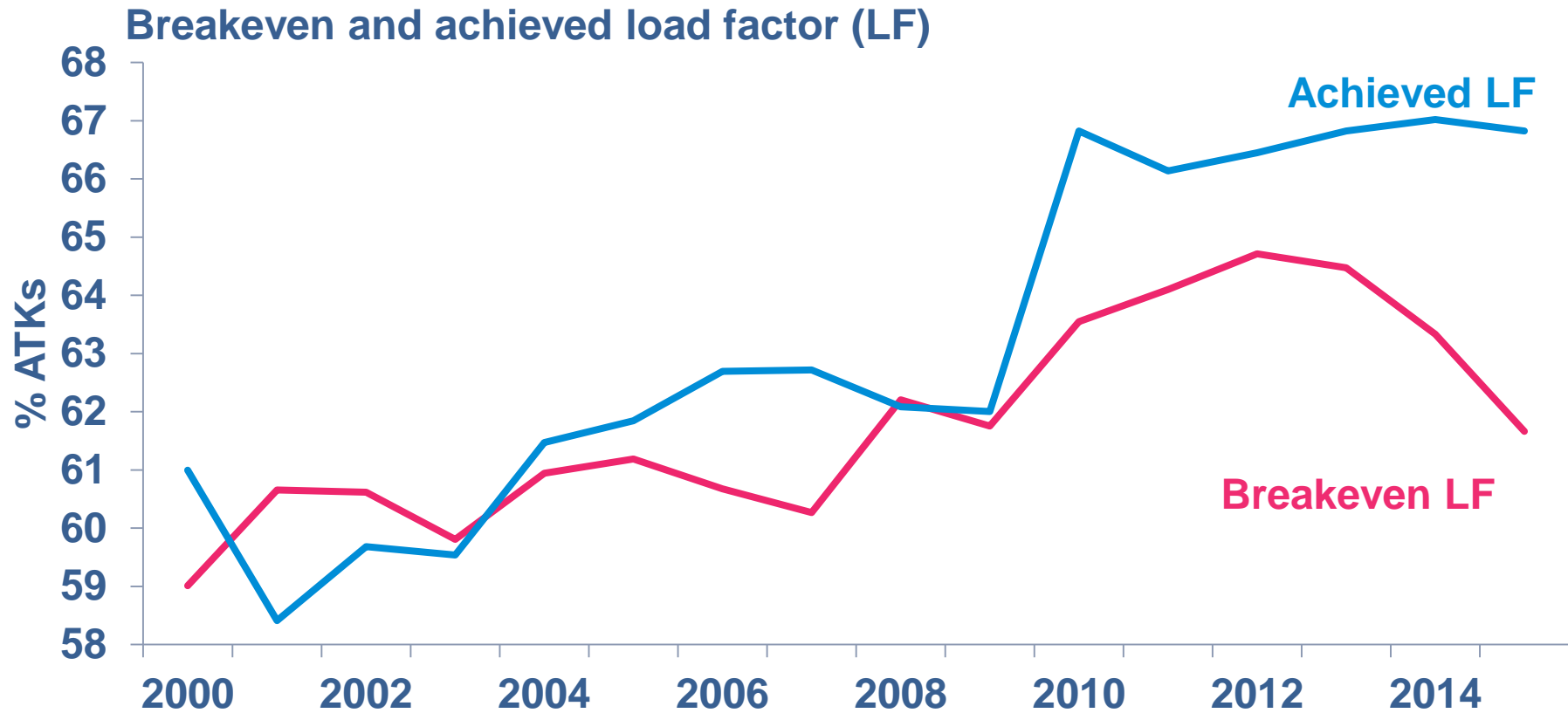


Ending decades of under-paying investors

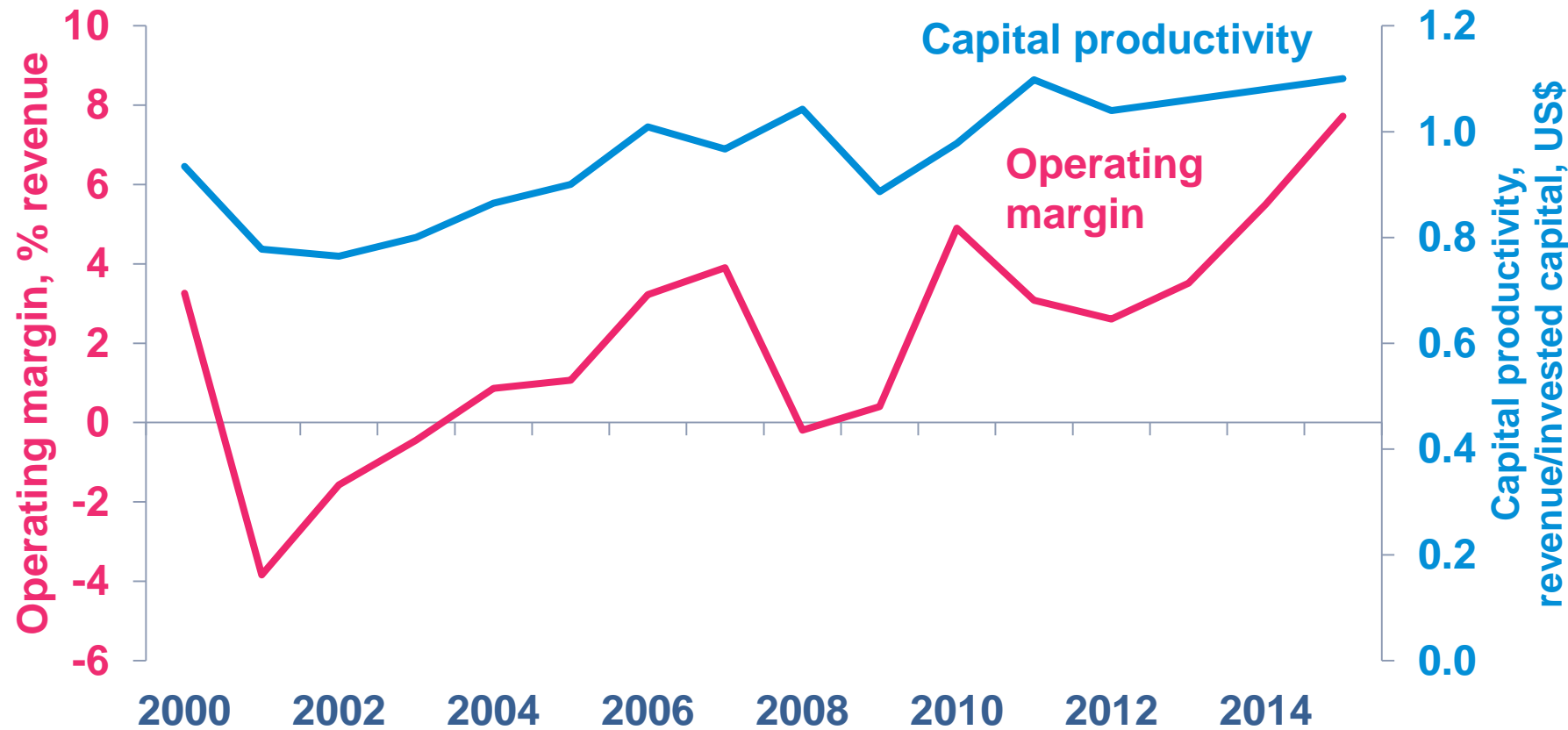
Difference between investing in airlines and investing in similar assets elsewhere



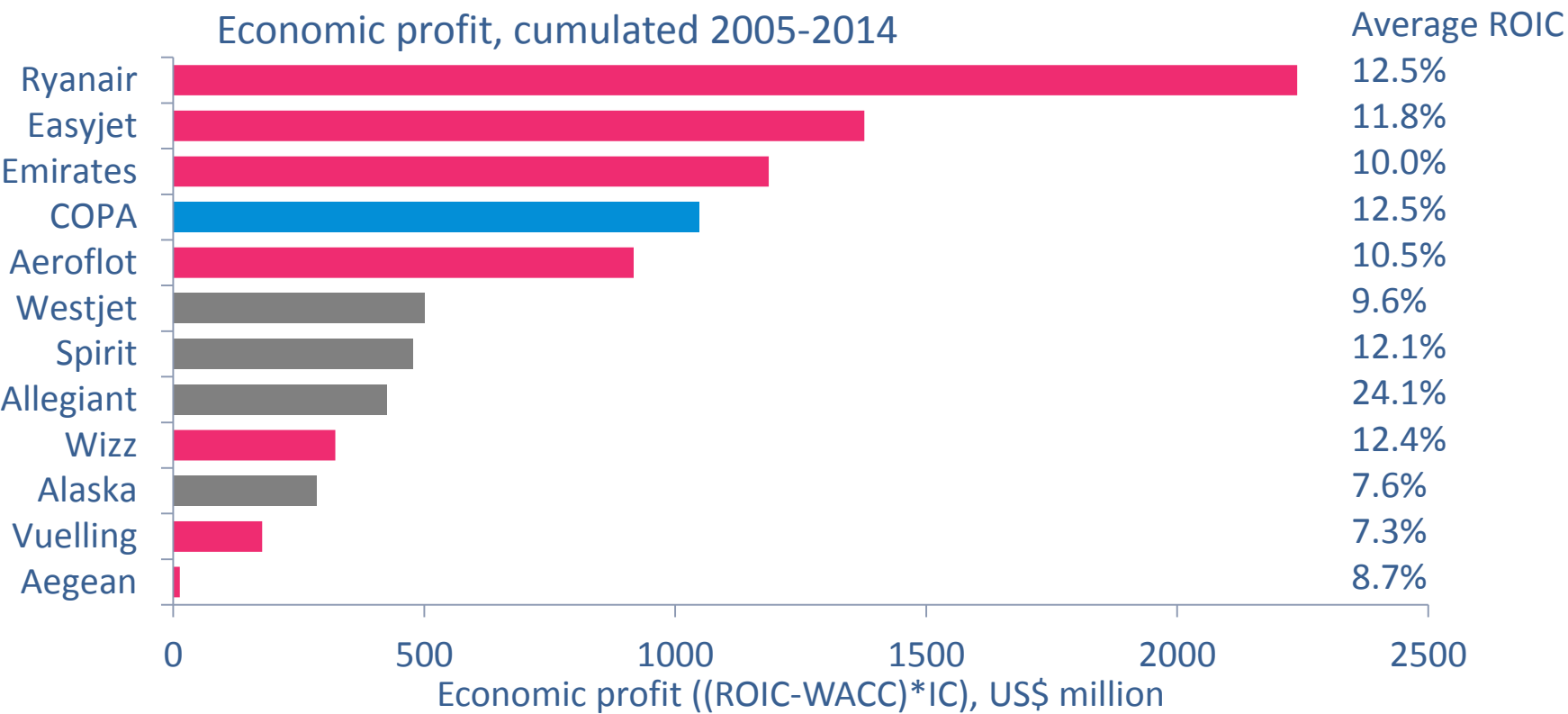
Step improvement in airlines' asset use



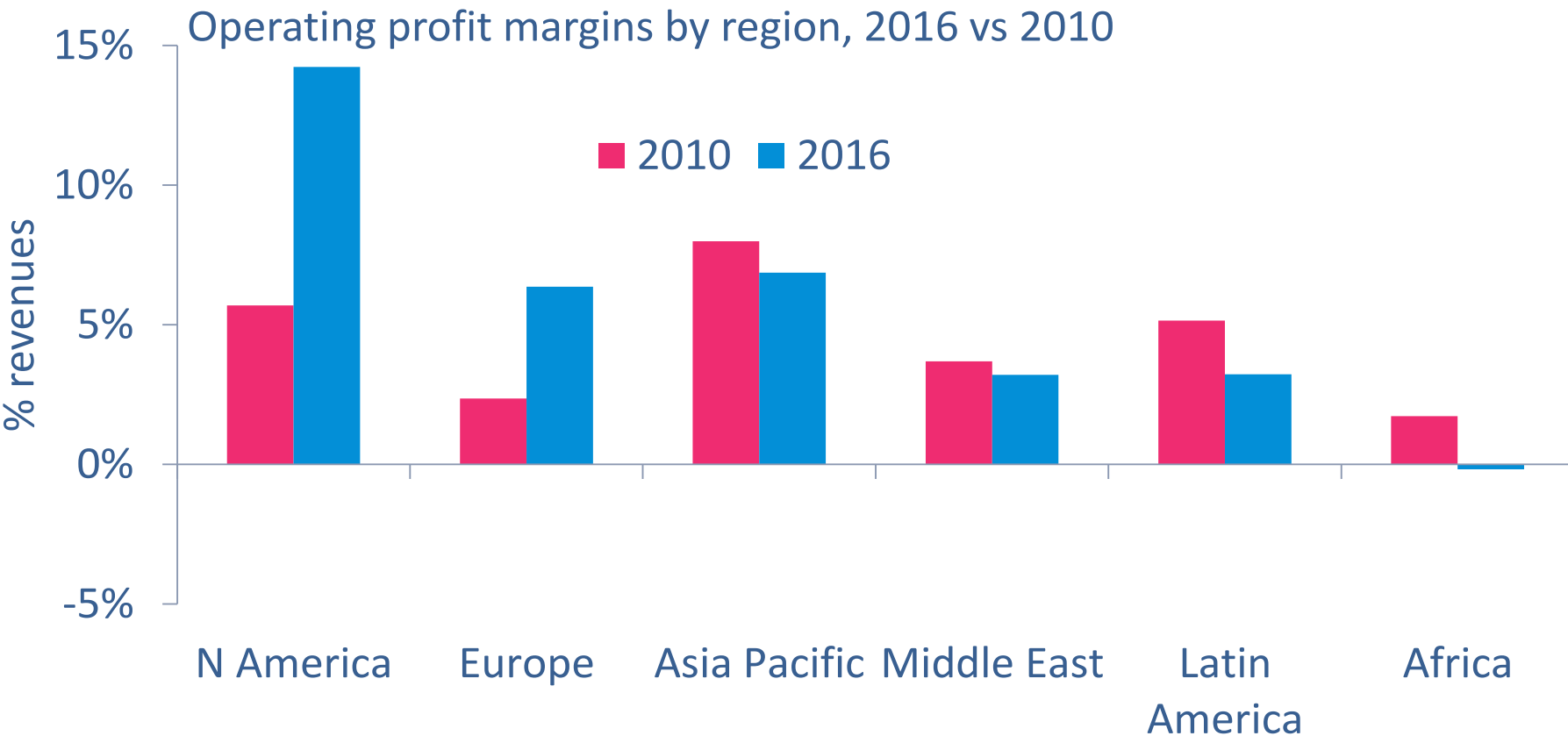
And the productivity of airline capital is rising



Some have consistently generated economic profits

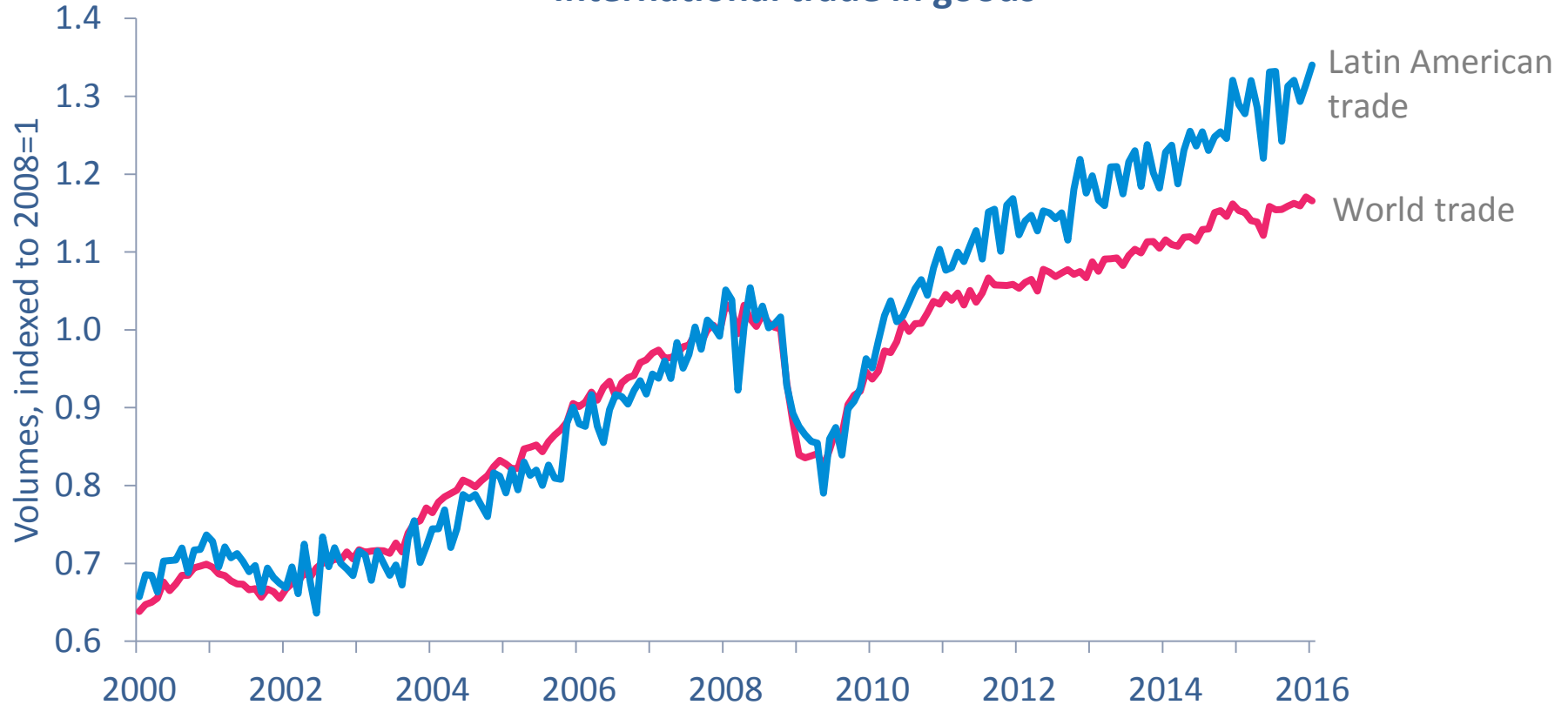


But since 2010 N and Latin America have diverged

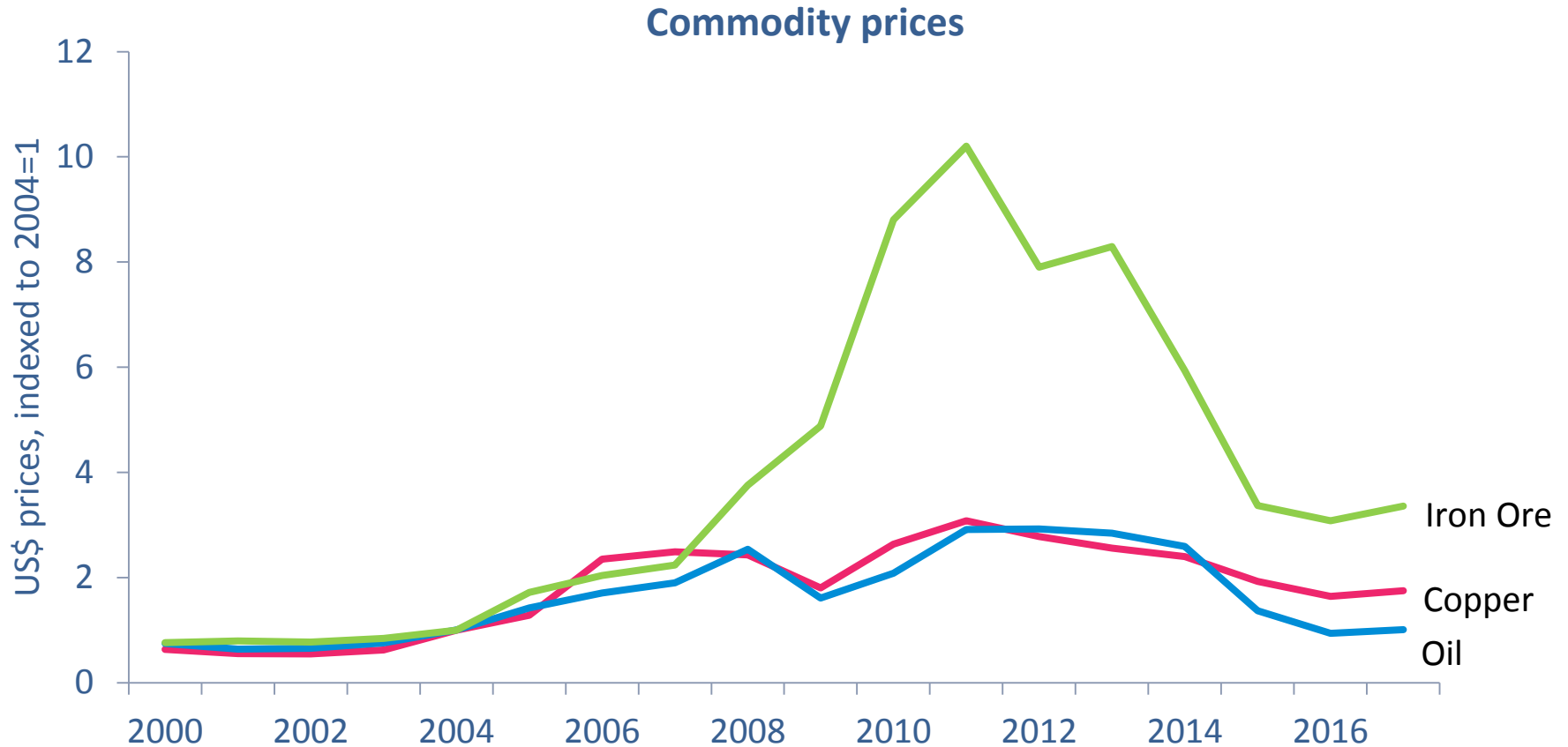


Latin American trade growth relatively strong

International trade in goods

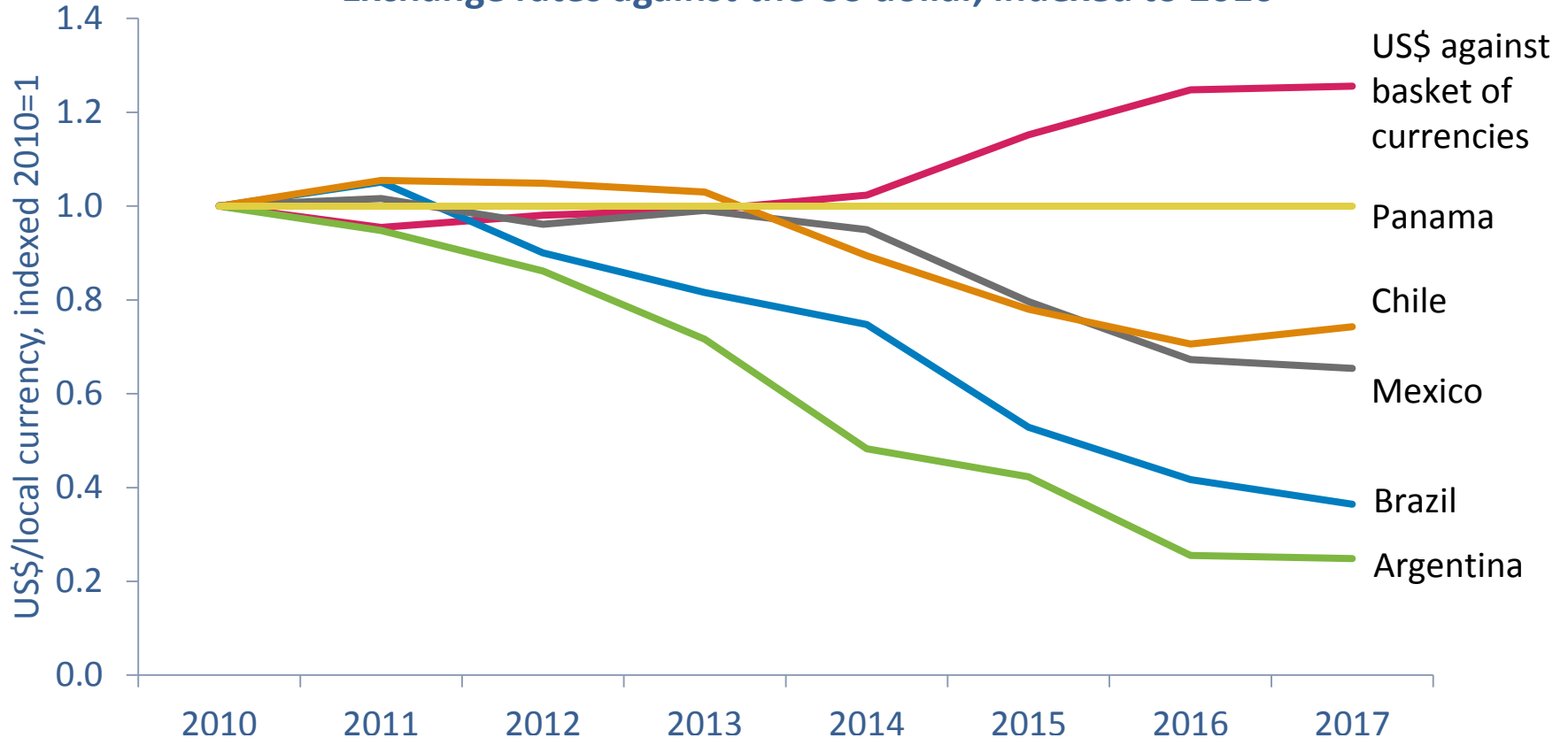


But commodities 'super-cycle' disappeared

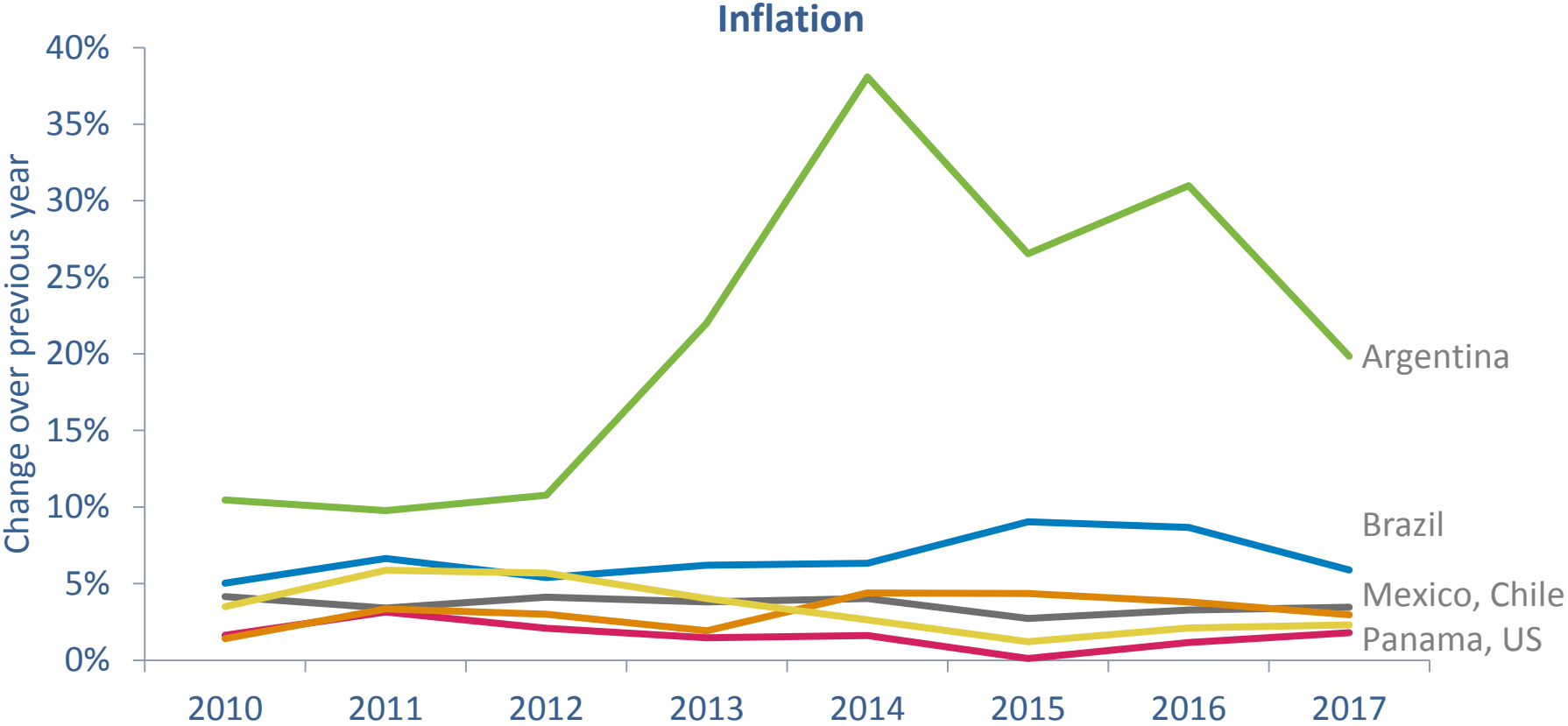


Major exchange rate shifts

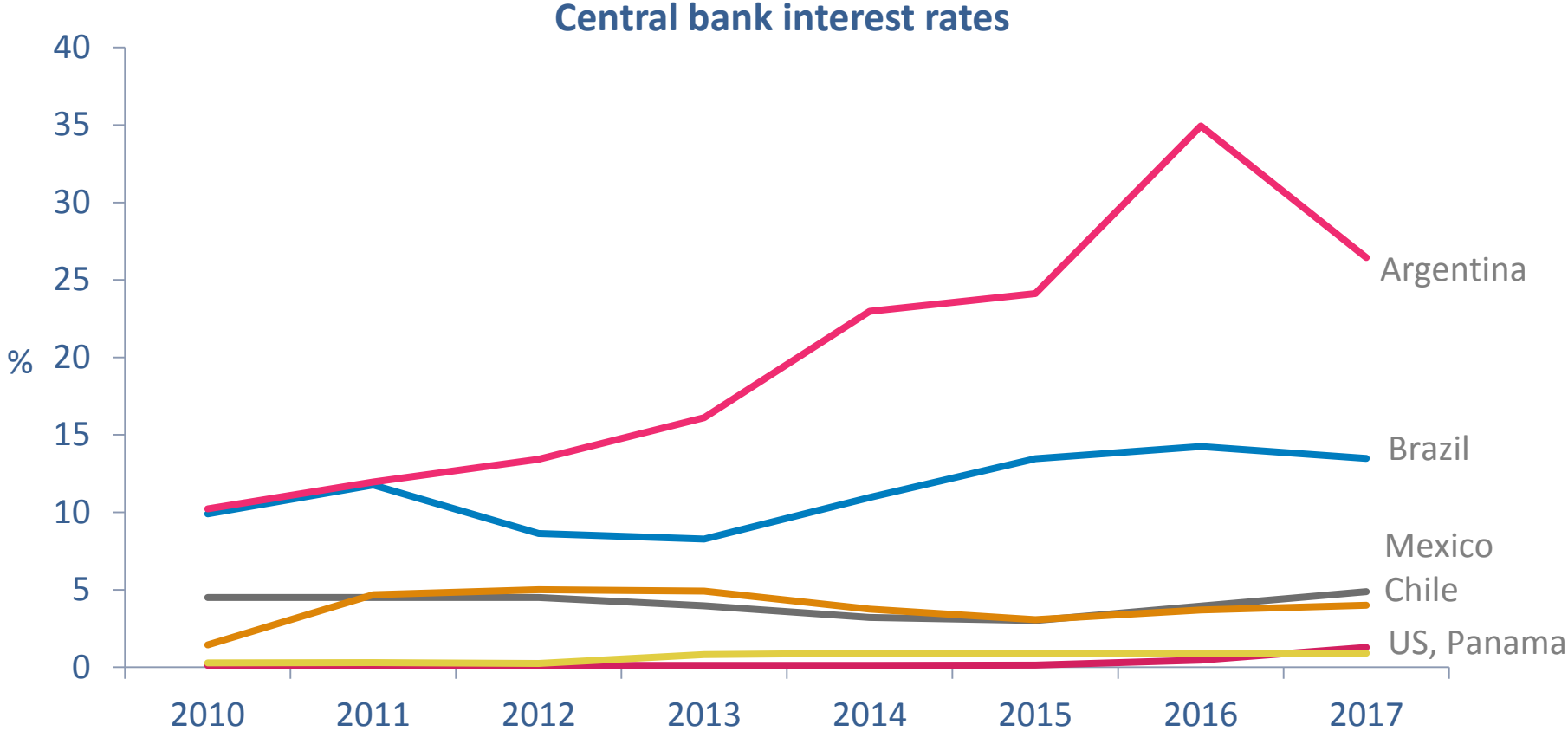
Exchange rates against the US dollar, indexed to 2010



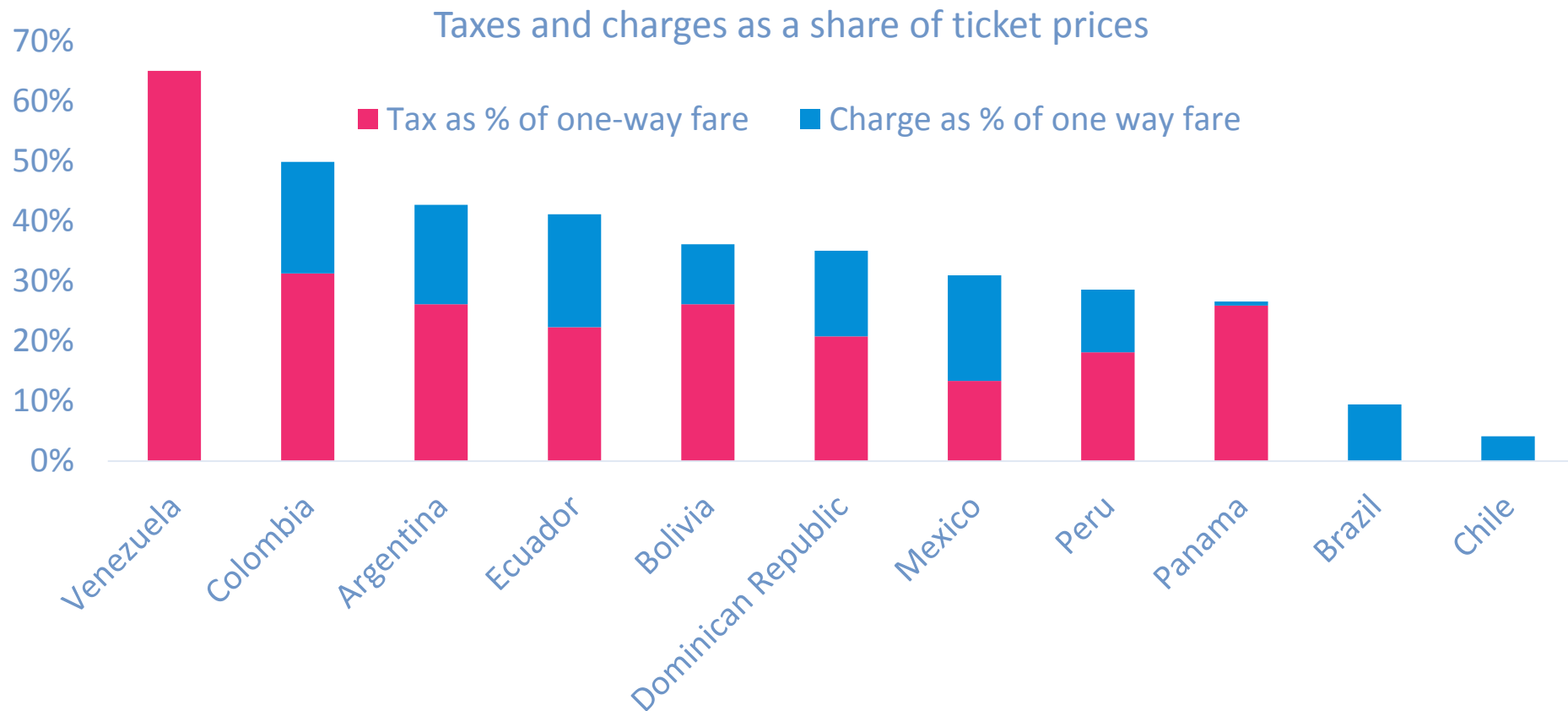
Causing inflation problems for some



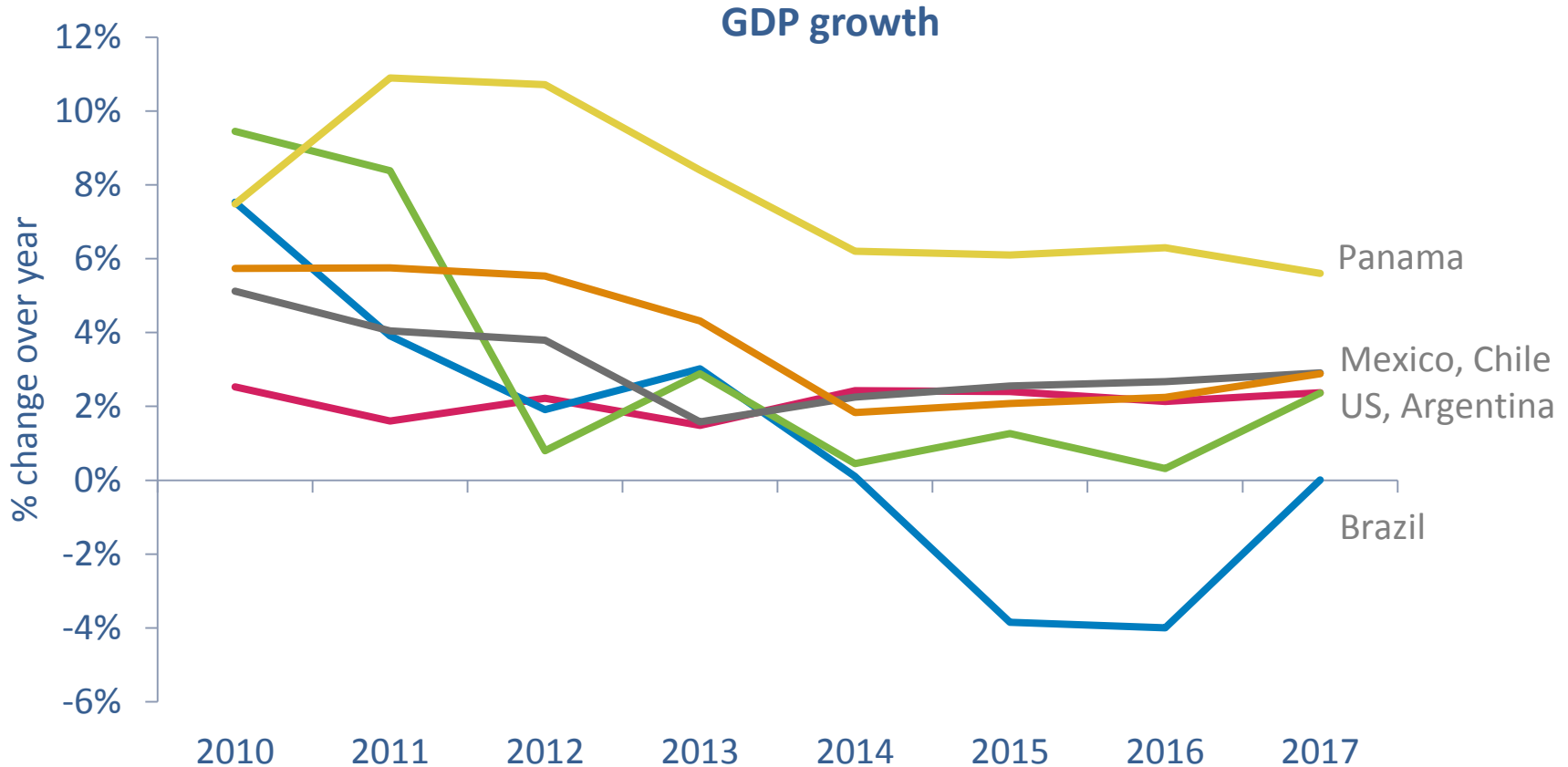
Higher interest rates adding to growth challenge



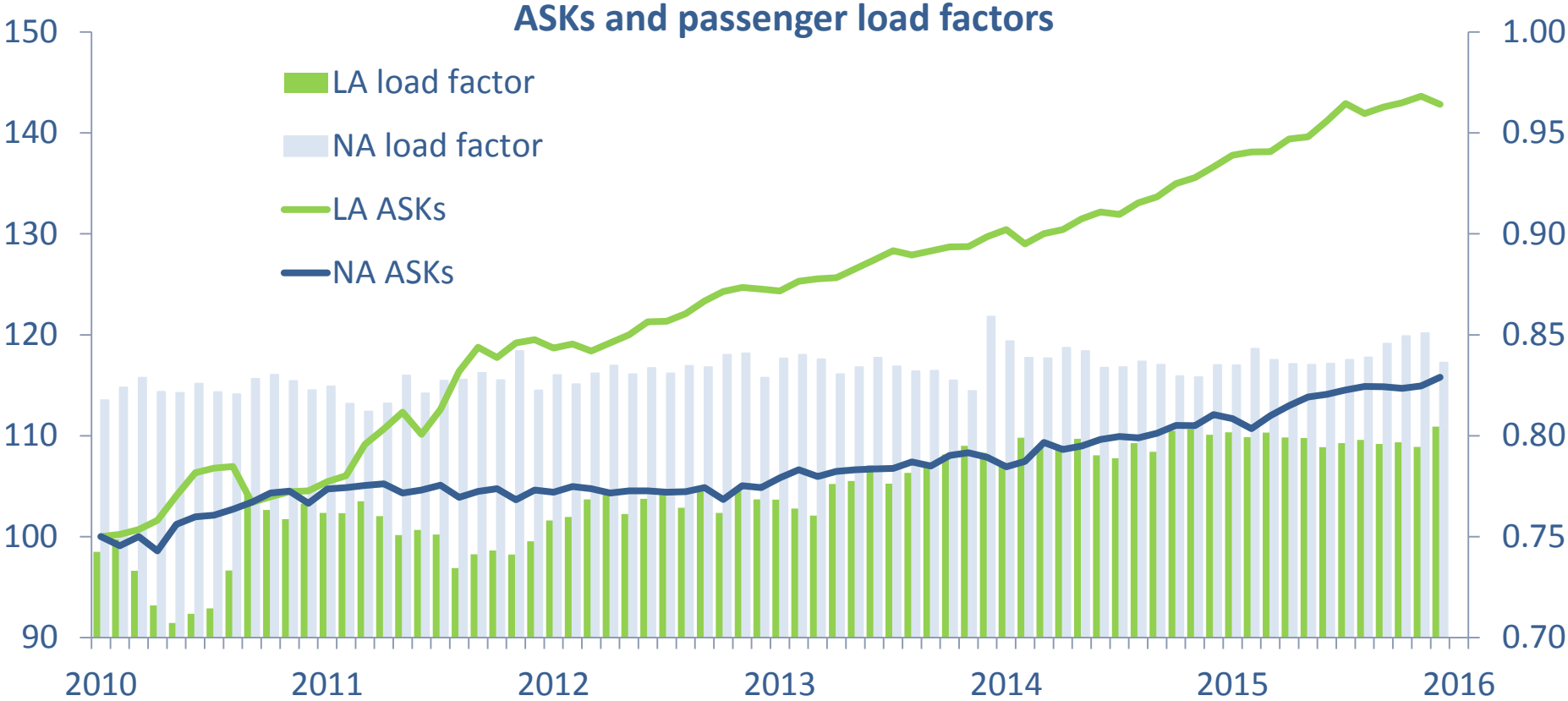
Air travel tax policy damaging competitiveness



Economies still diverging

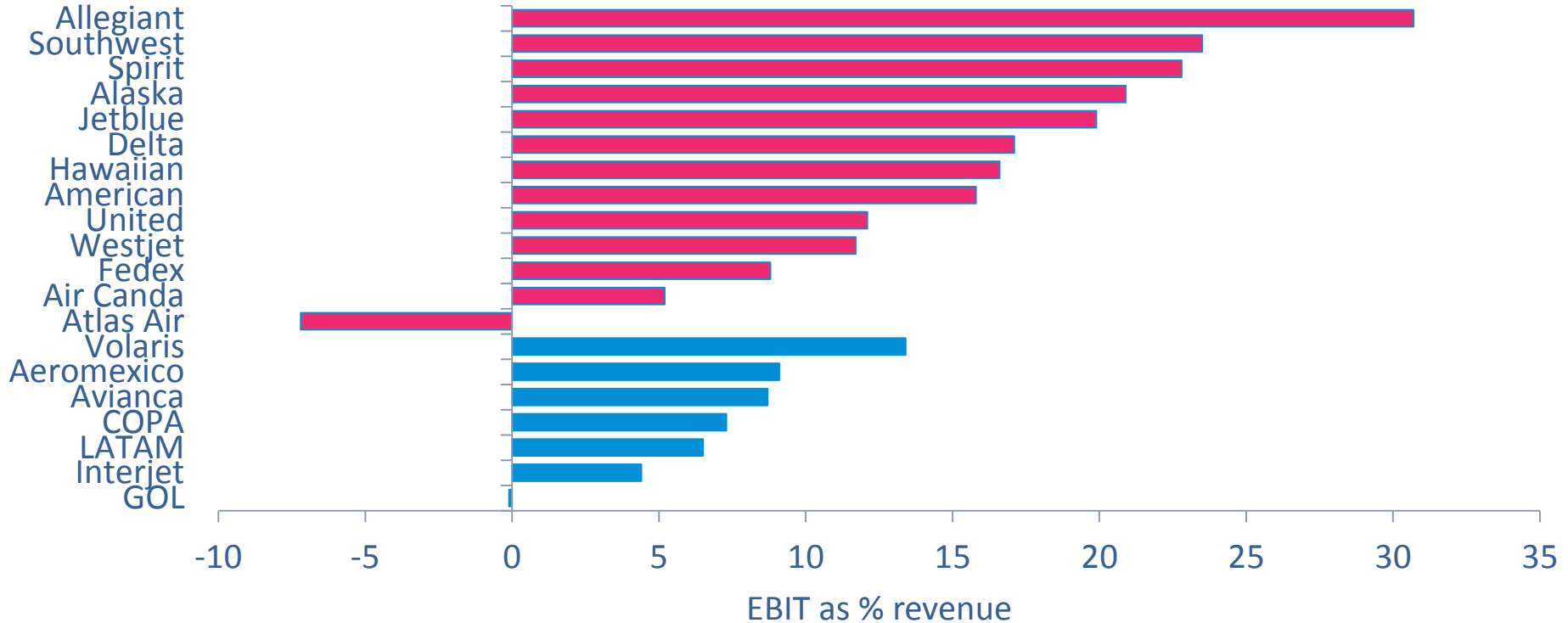


Airlines now better sizing capacity to demand



Profit margins still showing major divergence

Operating margin, latest quarter 2015



But free cash flows now trending in right direction

