

IATA FORECAST FOR 2009 NOT VERY PROMISING



The IATA, International Air Travel Association, has recently released its forecast for the new year. As perhaps expected in the wake of the turbulence of 2008, the forecast for 2009 is not extremely promising. Indeed, it makes grim reading for airline companies all over the planet and there is a large amount of evidence amounting to the fact the demand in air travel is declining. The bottom line is that airlines are expected to lose a total of \$2.5 billion in 2009 and the record of 2001 and 2002, when two consecutive years recorded losses, should at least be equalled.

The blame clearly lies with the worrying financial climate and the consequences could be very severe. On a global scale, business travel could be down by around 6.9%, whereas the expected drop in fuel prices may not be as favourable as it appears on paper. Indeed, the drop

in fuel prices will inevitably lead to a drop in ticket prices, meaning that the airlines shall rake in less cash. Asian carriers are expected to be hit the hardest and have a very bleak outlook for the coming 12 months. Travellers are scaling back on their travel plans, especially in that part of the world.

Yields are expected to decline by 3%. This figure looks bleak yet is actually worse when exchange rates and inflation are taken into account. The actual figure of decrease in yields is expected to be around 5.3%. Similarly, cargo traffic is set to decrease by 5%, compared to the figure of 1.5% in 2008. Basically, everything in the airline industry seems to be dropping, including profits, weights of aircraft, luxury items afforded to passengers and most importantly trust.

Date: 2009-01-20

Article link: <http://www.tourism-review.com/iata-forecast-for-2009-not-very-promising-news1336>