

IATA EXPECTS THE AIRLINE INDUSTRY TO INCREASE THE NET PROFIT



The International Air Transport Association (IATA) expects that the net profit will reach \$25.9 billion (23,351.44 million euros) in 2019.

According to a recent forecast presented by IATA, the net profit of the global airline industry will close 2019 at \$25.9 billion (23,351.44 million euros), **an estimate revised downward from a \$28 billion forecast (25,240.04 million euros) made by the organization in June.**

IATA has explained that the economic results in 2019 were worse than expected in the June forecasts. This follows the same course as the global GDP growth of 2.5% (versus 2.7% forecast in June) and world trade growth of just 0.9% (down from 2.5% forecast in June).

These negative developments mean softer passenger and cargo demand, which translates into weaker revenue growth for the airline industry.

“Slowing economic growth, trade wars, geopolitical tensions and social unrest, plus continuing uncertainty over Brexit all came together to create a tougher than anticipated business environment for airlines,” said Alexandre de Juniac, IATA's Director General and CEO.

2020 Forecast

By 2020, IATA estimates that the net profit margin will reach \$29.3 billion (26,413.36 million euros), which represents an increase of 3.4%.

Although De Juniac has been optimistic about the forecasts for 2020, he has clarified that the unknown for next year will be how the capacity will develop, particularly when the grounded 737 MAX aircraft returns to service.

IATA expects a 2.0% increase in freight carriage for next year, with over 62.4 million tons, although this figure is still below that of 2018 (63.3 million tons). Regarding the number of passengers, IATA estimates that 4.72 billion are expected in 2020 (up 4% from 4.54 billion in 2019).

By Region

IATA believes Africa, the Middle East and Latin America will lose money in 2019, while a rebound is expected for the Latin American airline industry in 2020 as the regional economies strengthen.

Airlines in North America continue to lead in terms of financial performance, accounting for 65% of the industry profits in 2019, and around 56% of aggregate earnings in 2020.

Specifically, it is estimated that North American carriers will post a net profit of \$16.5 billion (14.8 billion euros), down from \$16.9 billion in 2019 (15,234 million euros); while European carriers are forecast to report a \$7.9 billion net profit in 2020 (7,121.22 million euros), up from \$6.2 billion forecast for 2019 (5,588.80 million euros).

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