

Global Economic Outlook:

Implications for an industry in recovery

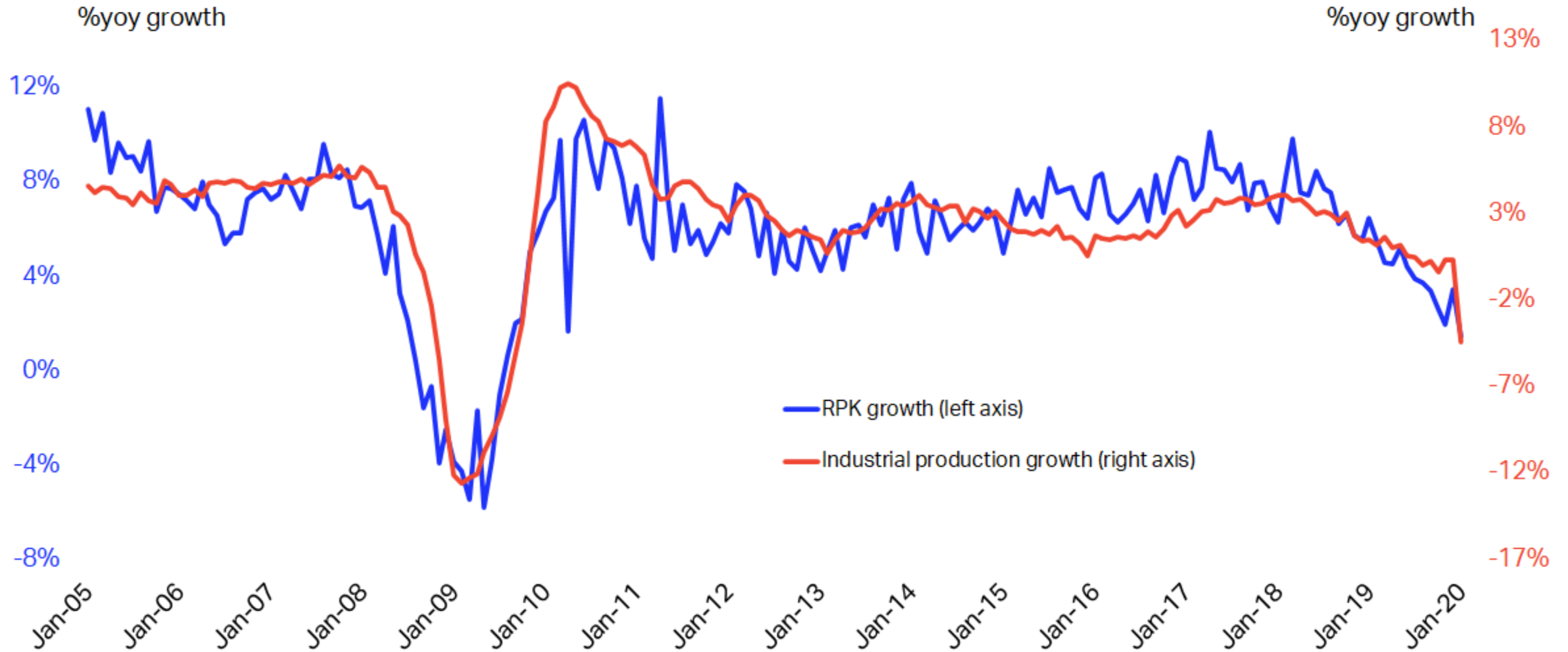
Andrew Matters
IATA Sustainability & Economics

Airline Leaders Summit
Budapest, March 2023



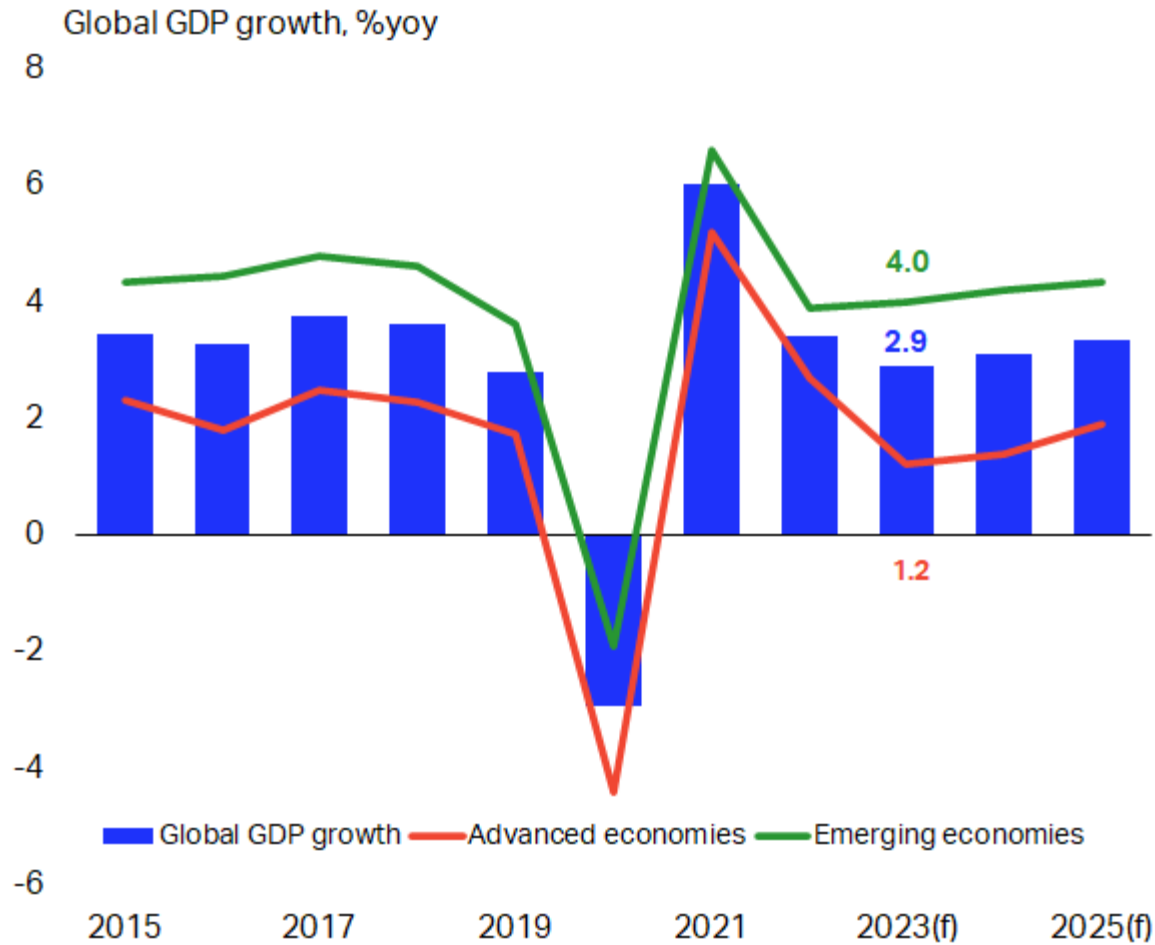
A reminder: the economy matters

Industry performance is closely linked to the business cycle

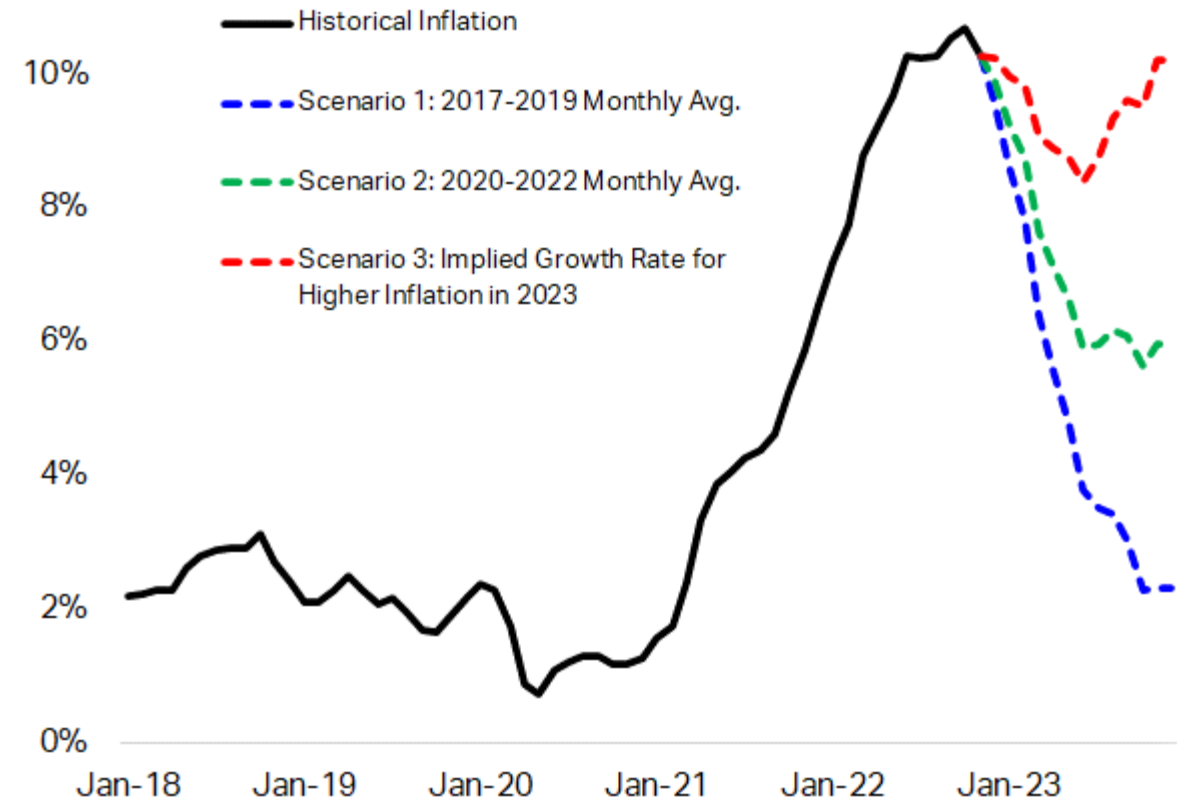


Global economic headwinds remain challenging

GDP growth to slow in 2023 but inflation has likely peaked



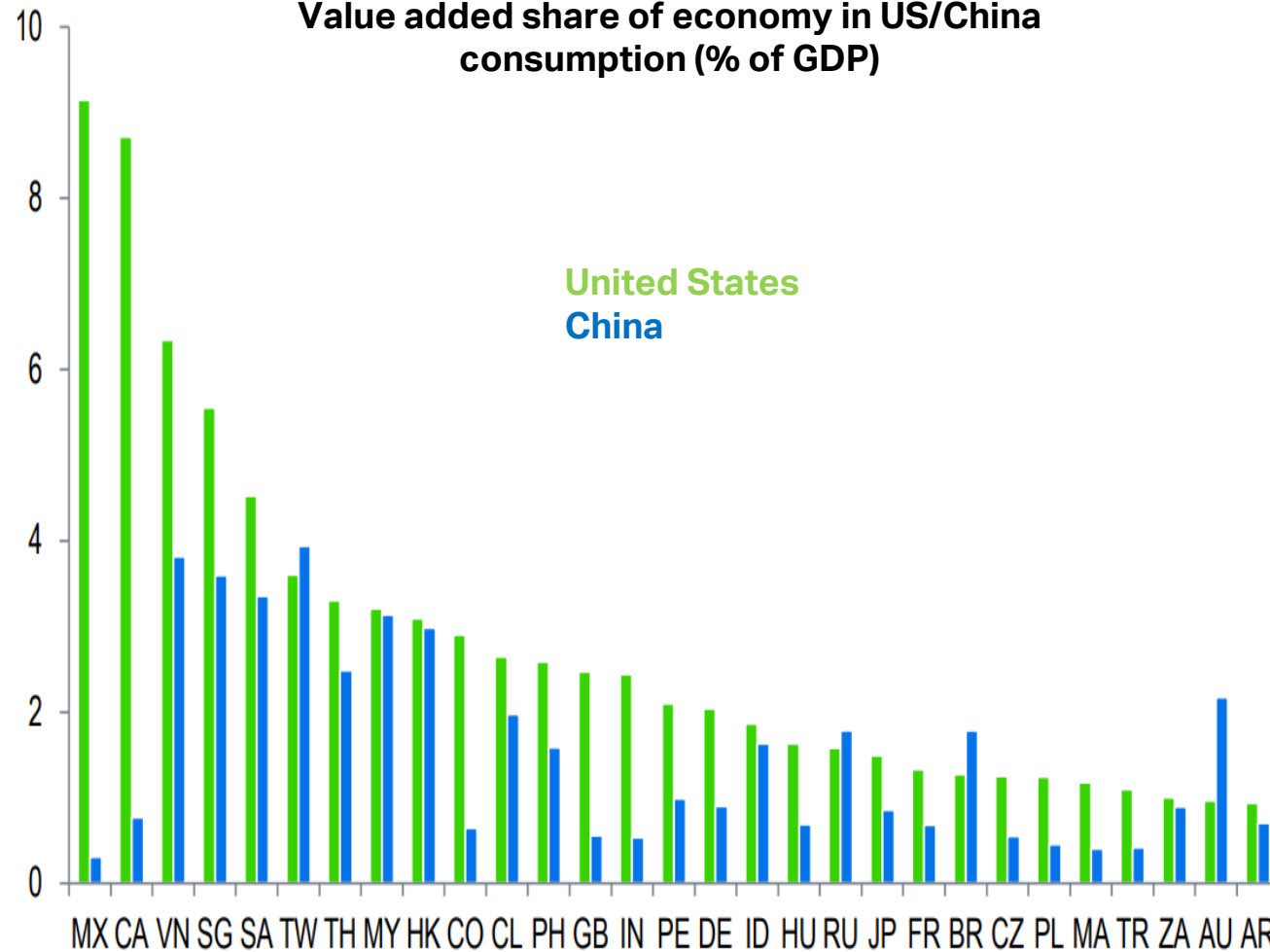
Inflation rate in 2023 under different scenarios



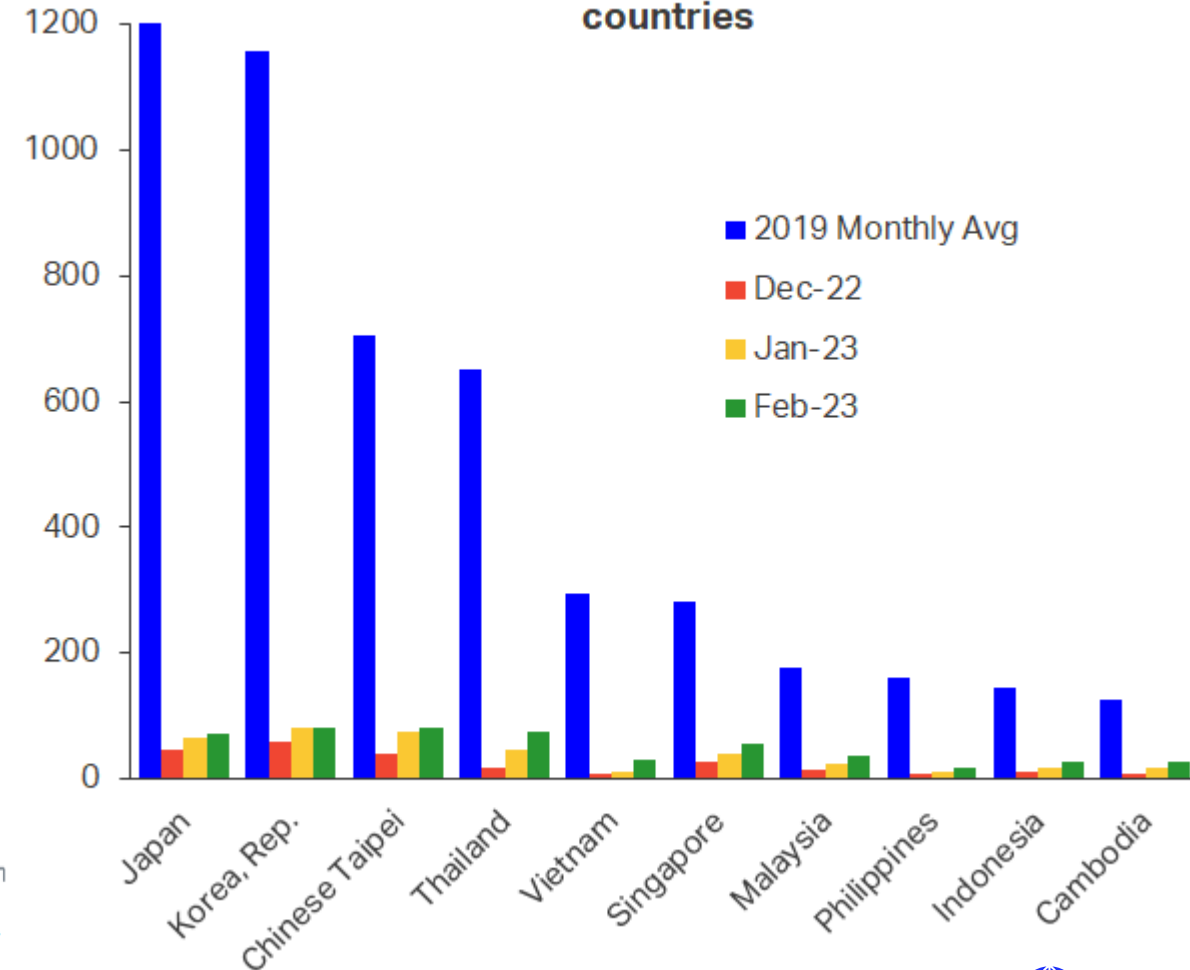
China's recovery will help to offset any US downturn

Particularly in Asia Pacific

Value added share of economy in US/China consumption (% of GDP)

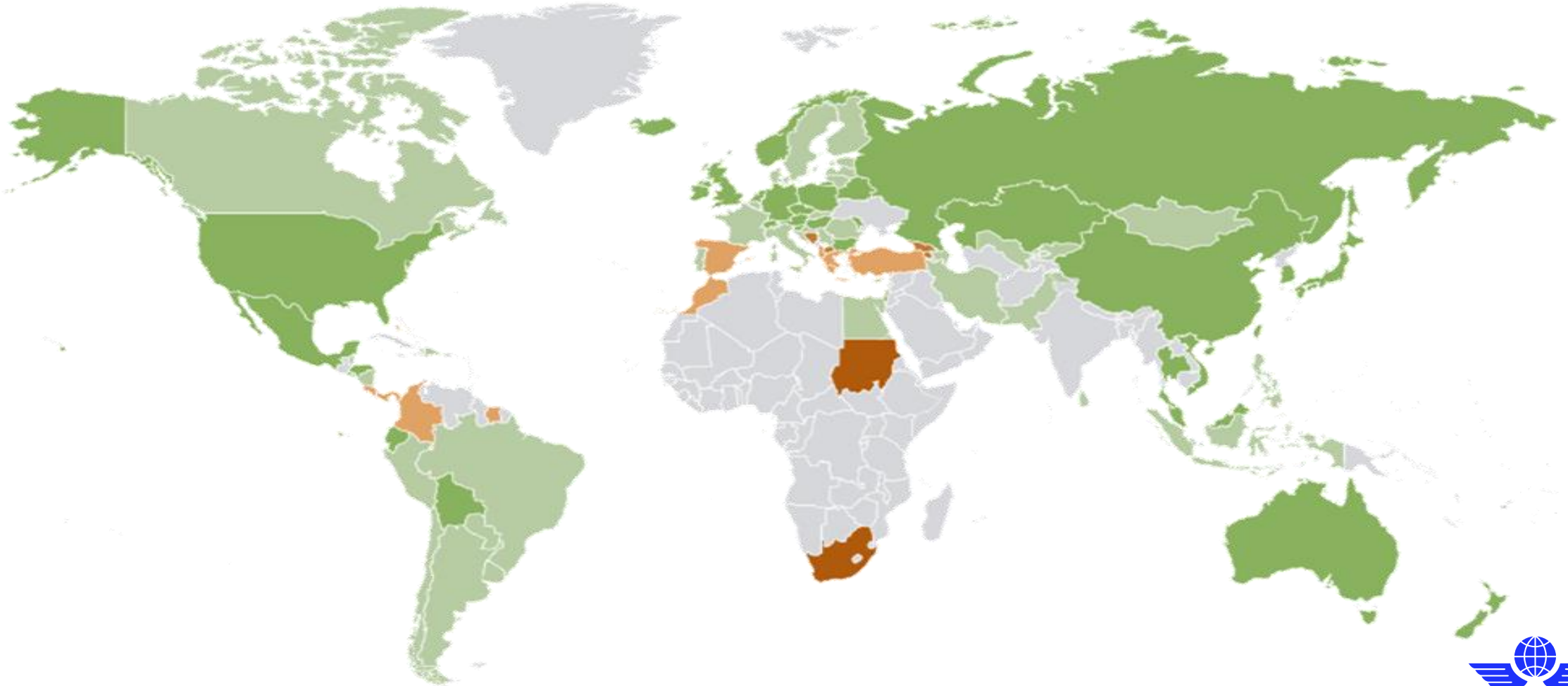


Ticket sales ('000) in China's top Asian destination countries



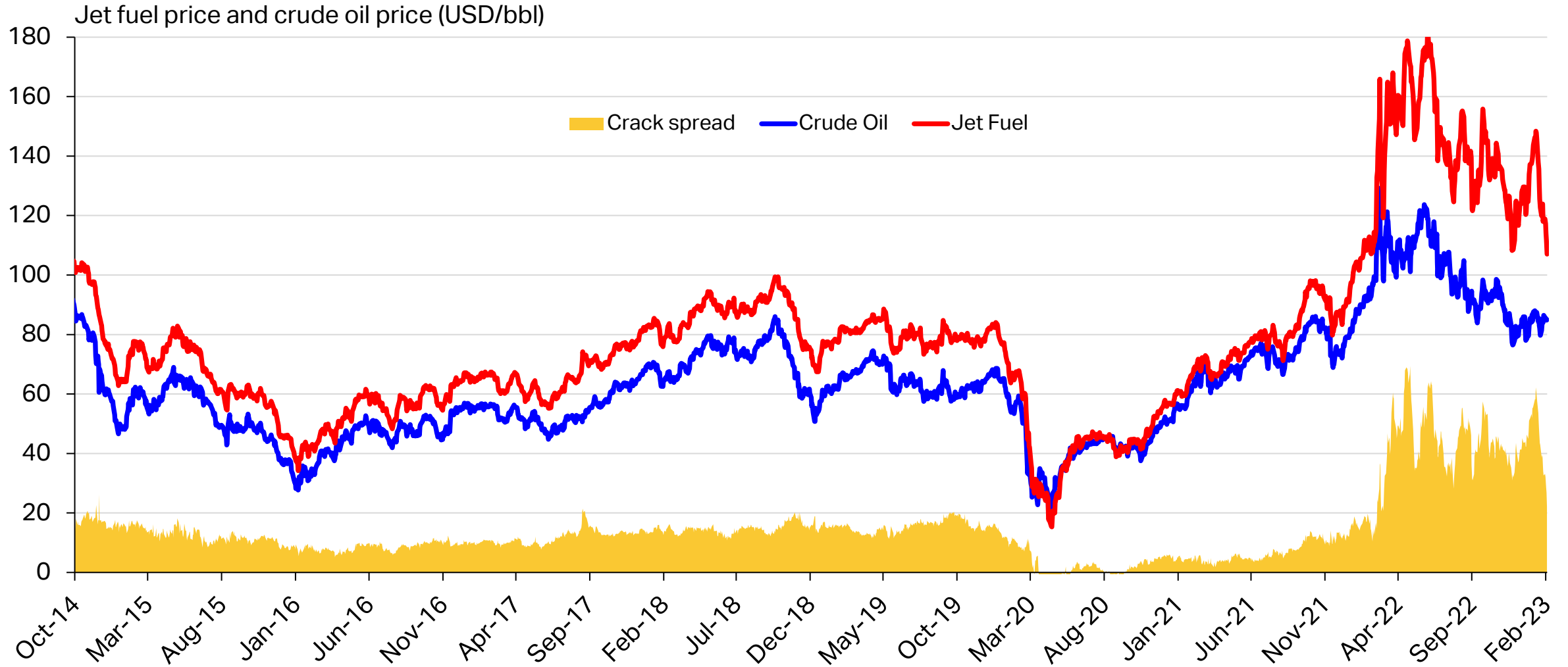
Which will help to mitigate any recessionary impulse

Unemployment rate in 2024: ● 20% or more ● 15% - 20% ● 10% - 15% ● 5% - 10% ● Less than 5% ● no data



Pressures on airline operating costs remain

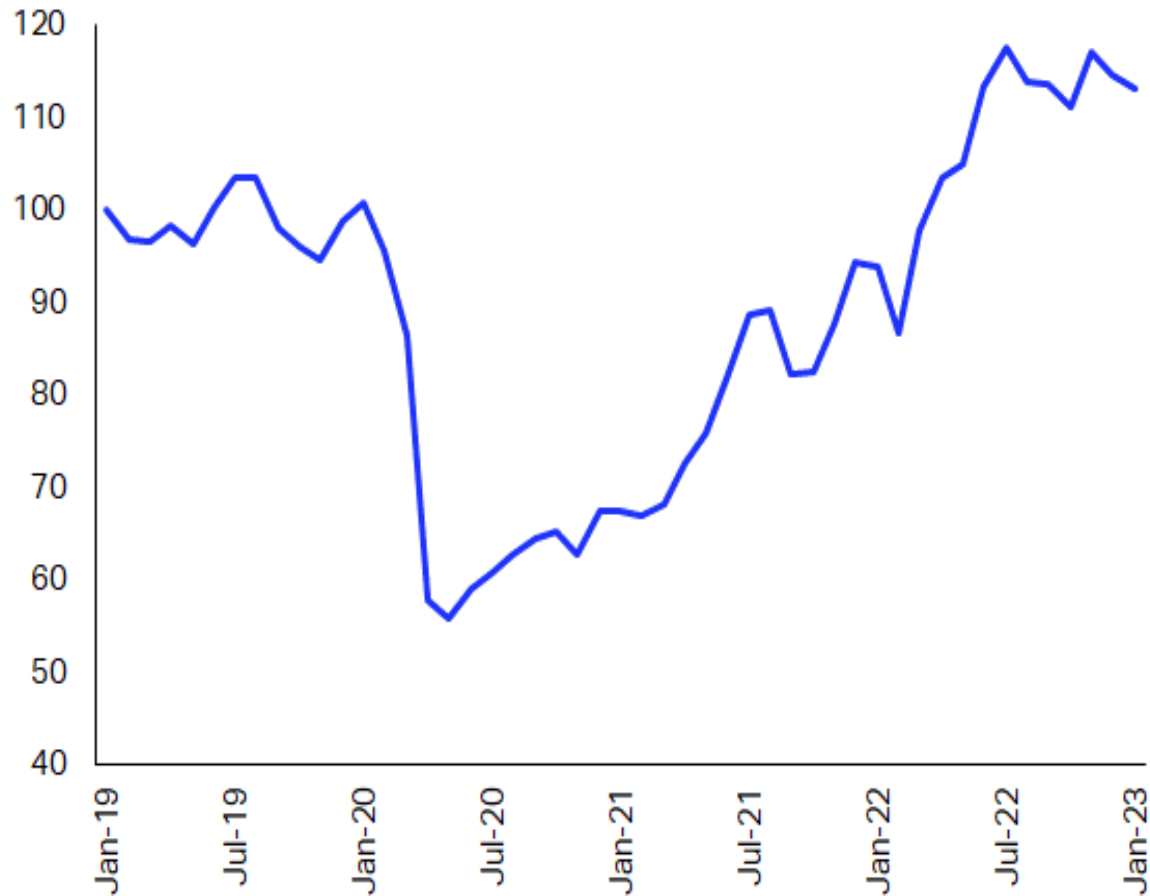
Oil prices have eased, but jet crack spread remains unusually wide



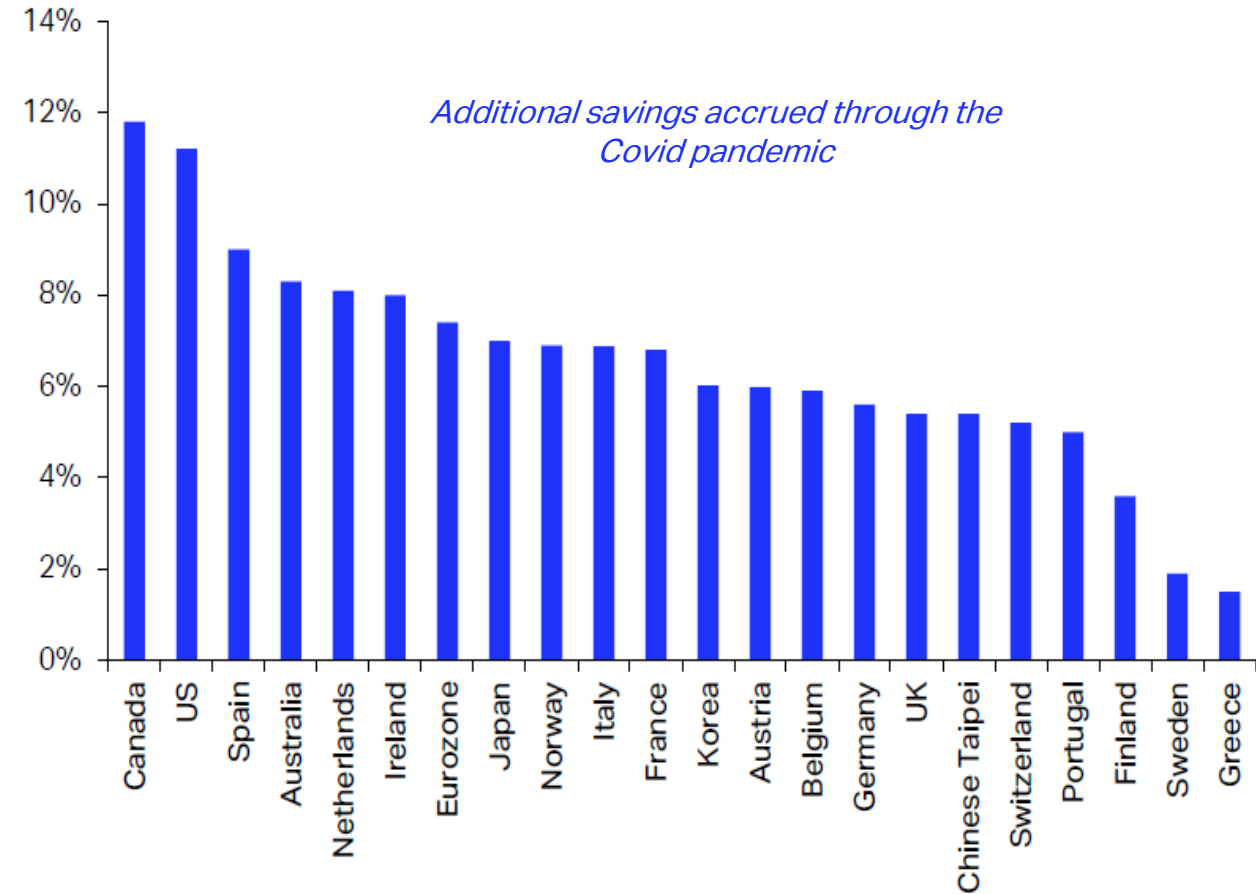
Higher costs have resulted in higher airfares

Demand has been resilient – but for how long?

Global average airfares, indexed Jan19=100

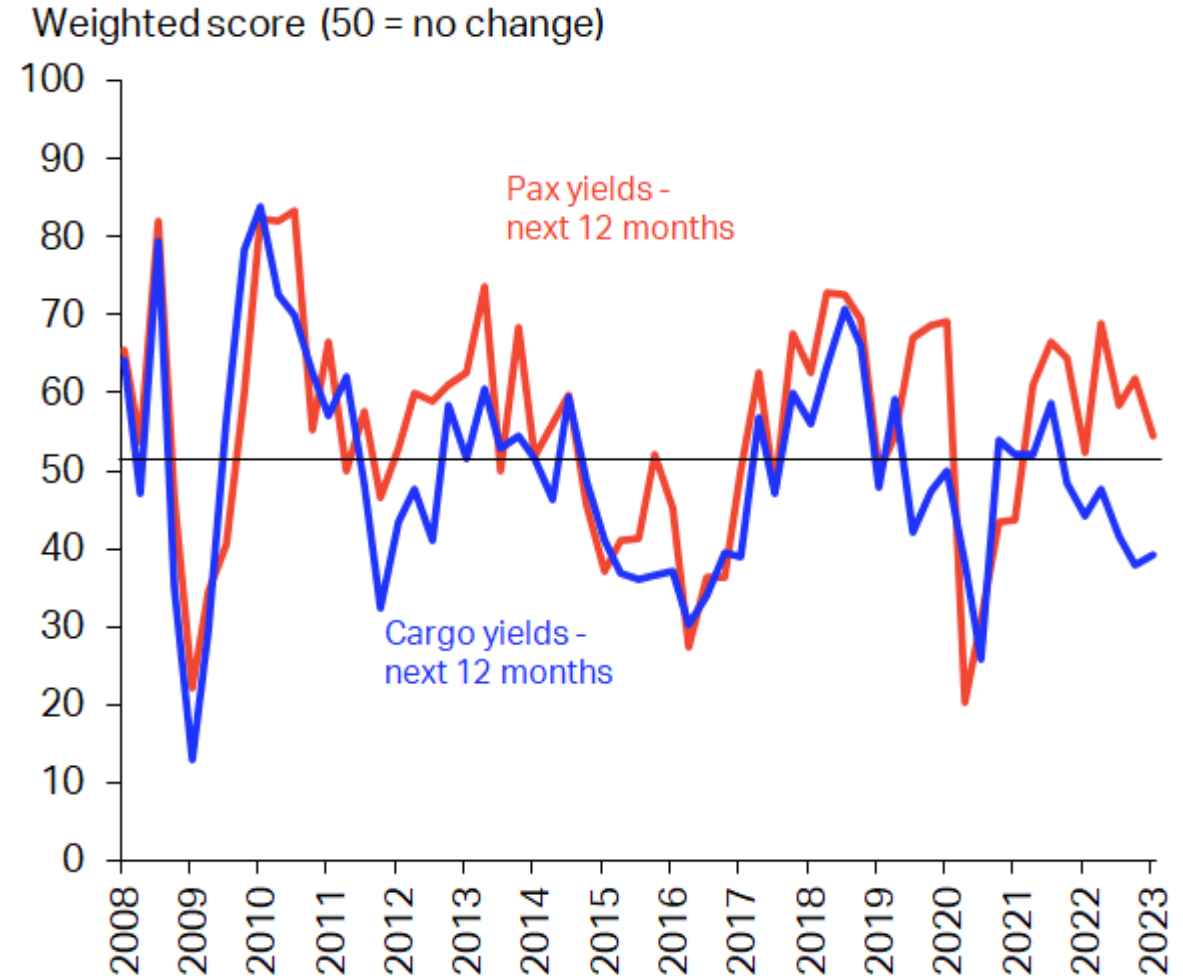
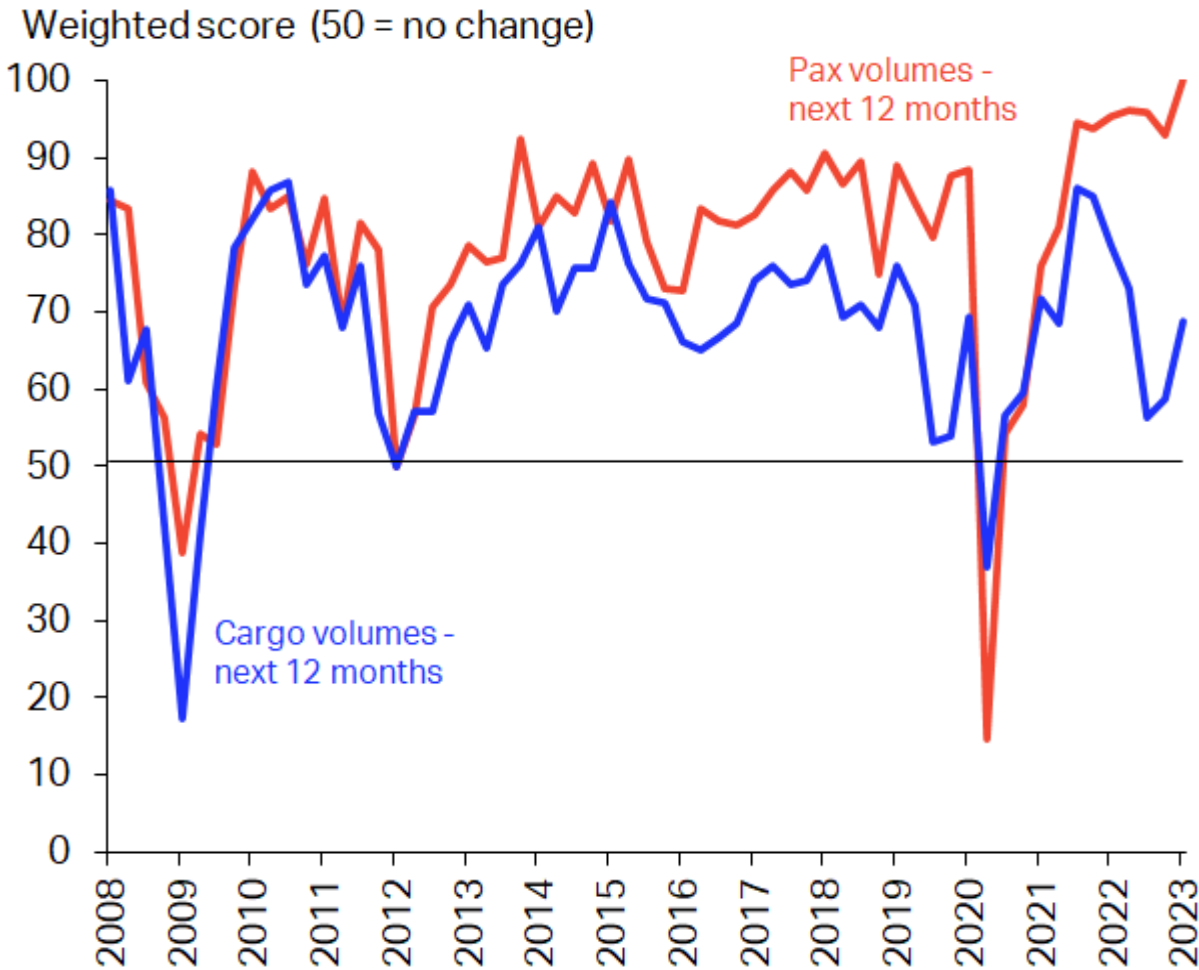


Excess household savings (% of GDP, advanced economies)



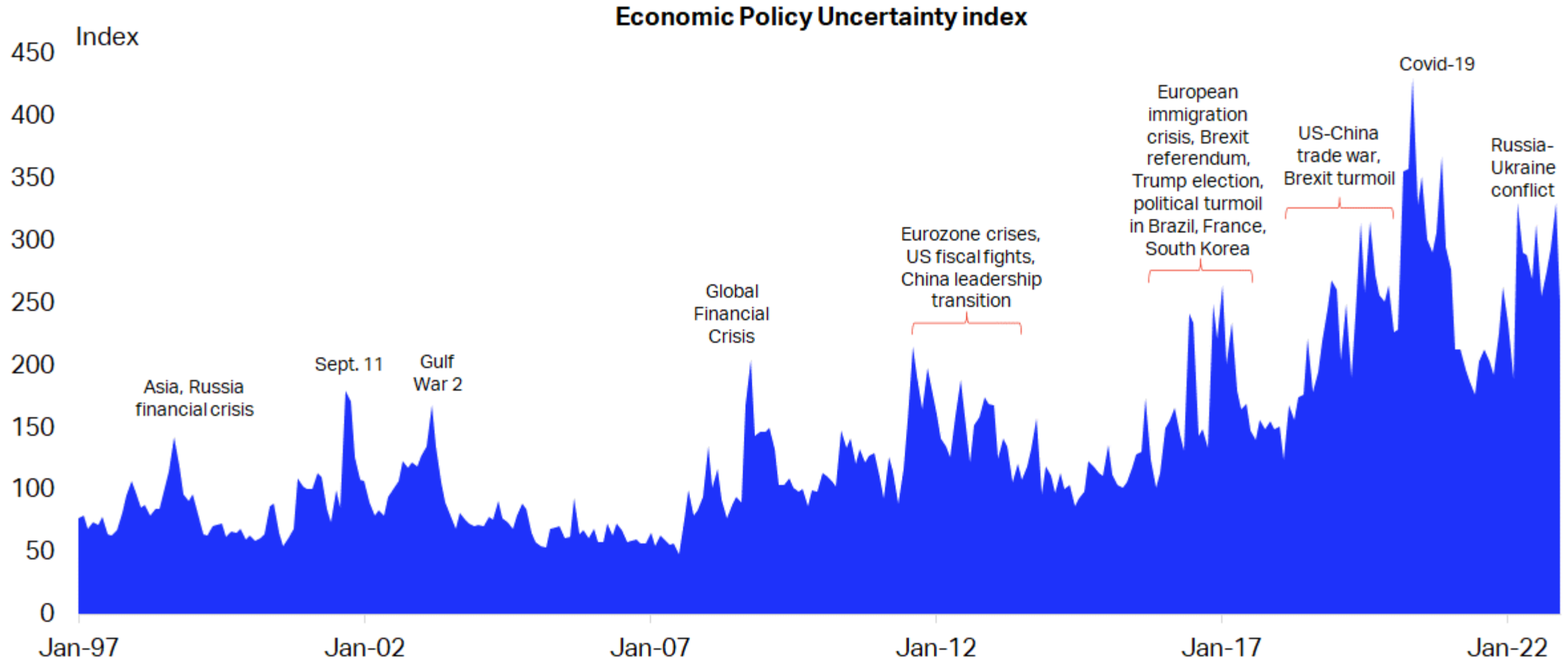
Air transport industry confidence is mixed

More upbeat for the passenger segment compared with cargo



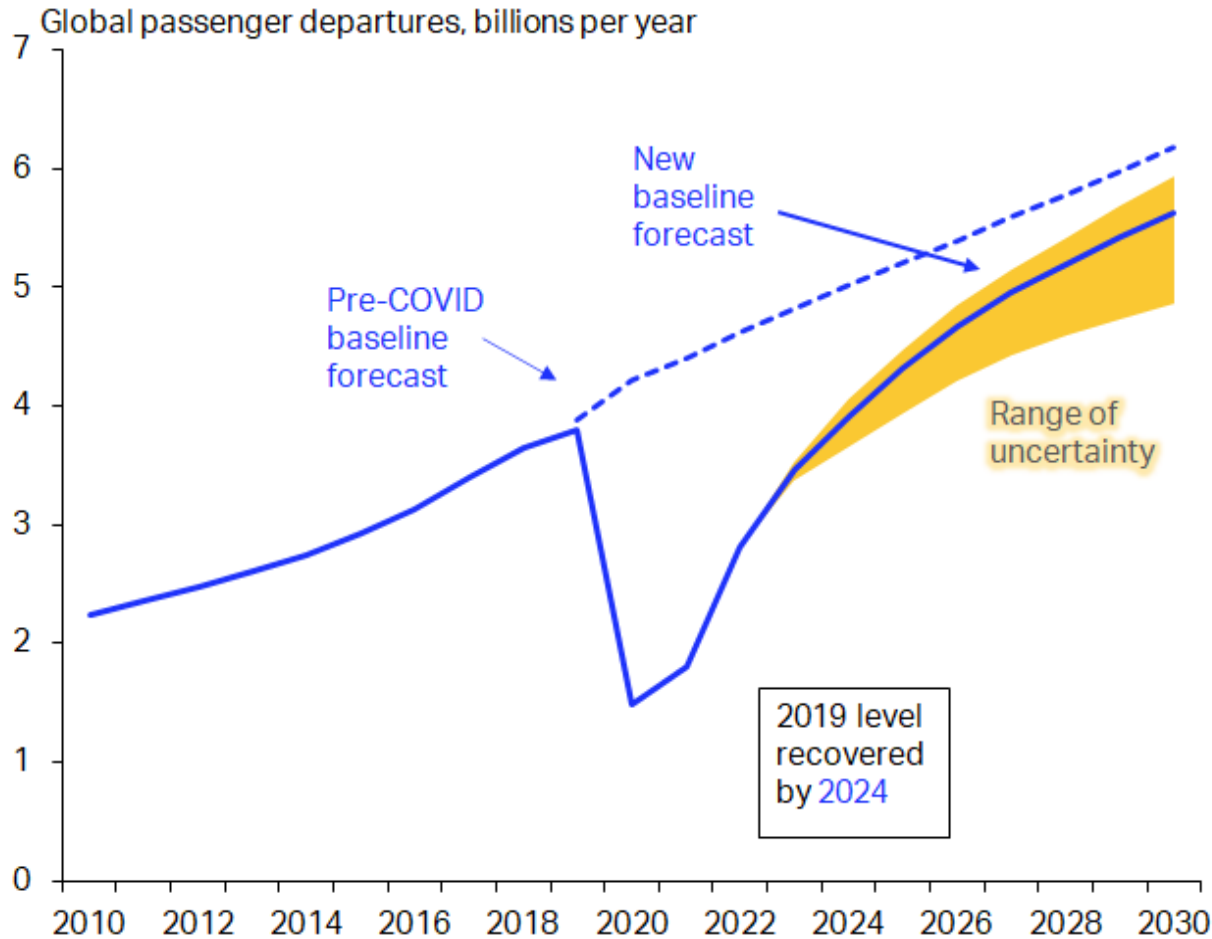
Economic policy uncertainty is elevated

And its not just economic policy that matters

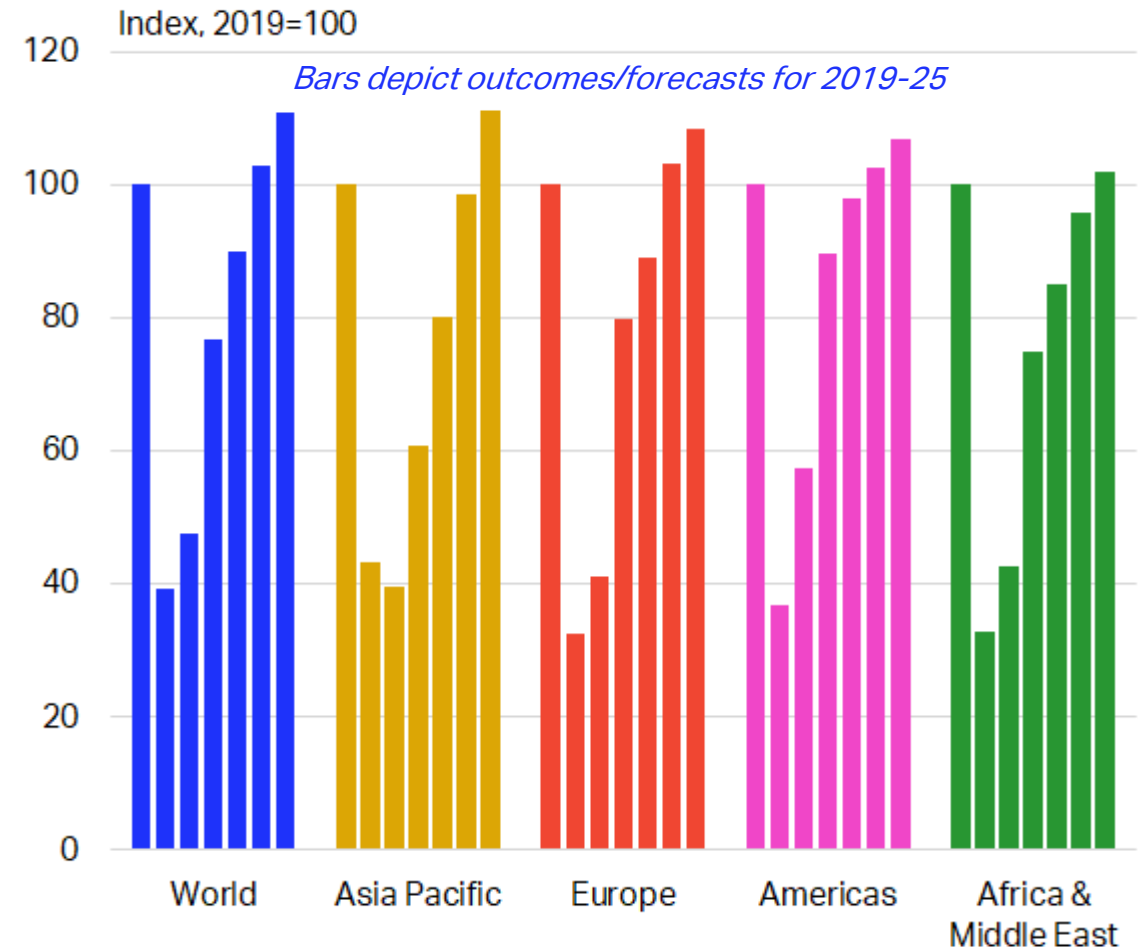


Recovery has not been derailed by developments

Industry recovers 2019 level by 2024...

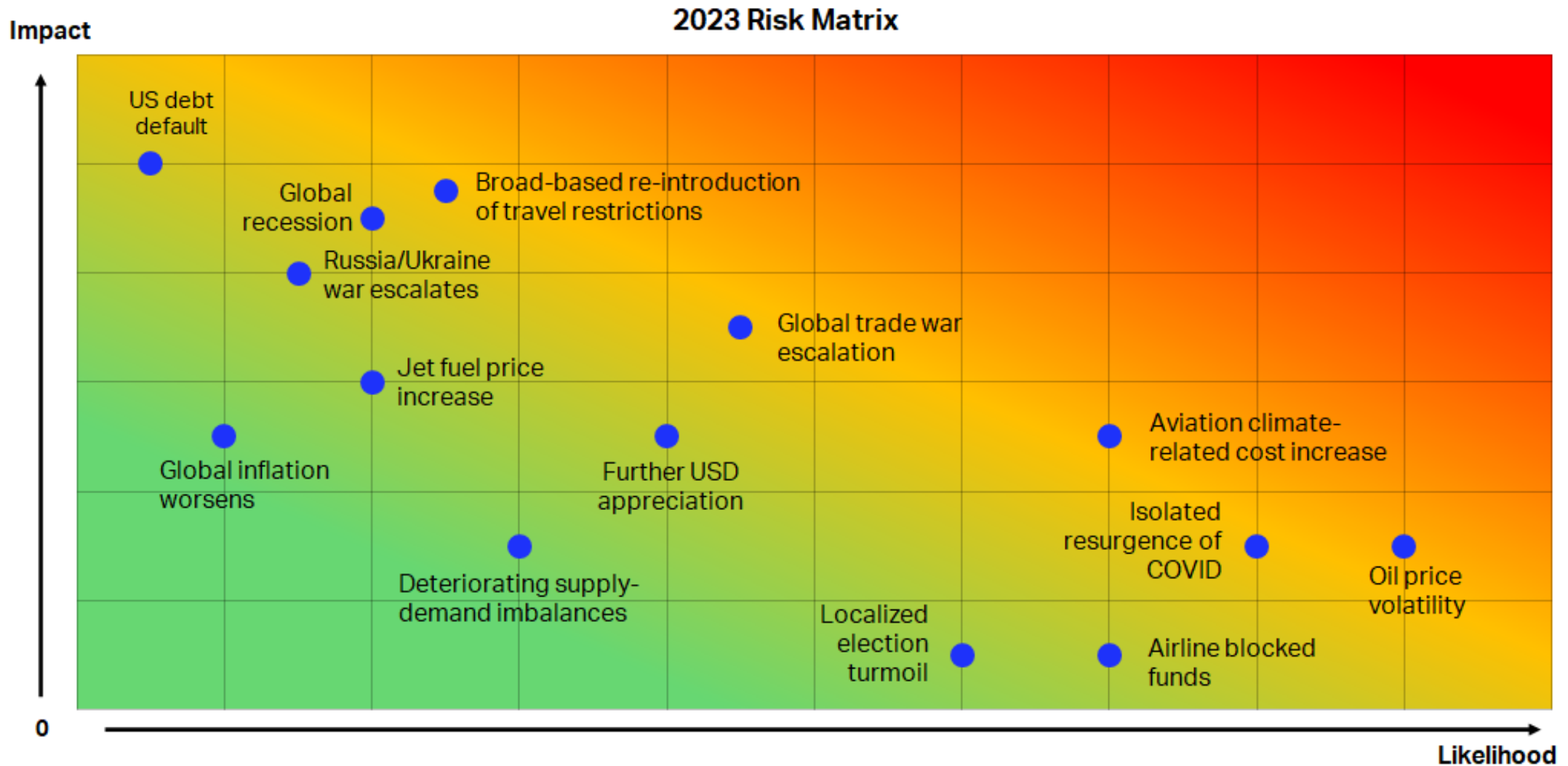


...and all regions recover no later than 2025



Key global risks for the near-term outlook

Cautious optimism in turbulent times



There are also longer-term economic challenges...

...but these are for another day

**The energy transition
and regulatory risk**



**Financial sustainability
and resilience**



**Shifts in globalization
and geopolitics**



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