

Air Transport Association Reports 0.2 Percent Increase in Industry Cost Index

2008-01-29

Record Load Factor Helps U.S. Airlines Offset 91 Percent Increase in Costs Since 2000

The Air Transport Association of America (ATA), the industry trade organization representing the leading U.S. airlines today released its quarterly Airline Cost Index, now incorporating data through the third quarter of 2007.

The composite cost index rose to 191.2 in the third quarter of last year, up 0.2 percent from the third quarter of 2006. This increase is in contrast to a 2.4 percent increase in the Consumer Price Index (CPI). The three largest components of the index -- which includes all operating expenses as well as interest expense -- were fuel (25.9 percent), labor (22.8 percent) and transport-related expenses* (13.3 percent). Other year-over-year highlights include:

- The average price paid for fuel increased 1.6 percent to \$2.11 per gallon
- The average cost of employing a full-time equivalent worker rose \$709 to \$76,423
- Airlines experienced a 15.3 percent jump in maintenance material costs, offset in part by a 16.4 percent decline in aircraft insurance costs and a 17.4 percent decline for other insurance costs
- Overall unit operating cost per available seat mile was unchanged at 12.49 cents
- The average break-even load factor (BELF) dropped 1.3 points to 76.6 percent

"The slowing economy and sky-high fuel prices are putting tremendous pressure on U.S. airlines to reduce non-fuel costs," said ATA Chief Economist John Heimlich. "Fortunately, in the third quarter, a record load factor of 83 percent helped U.S. airlines offset the 91 percent increase in costs they have seen since 2000."

The ATA Airline Cost Index is the only industry analysis of its kind, tracking quarterly and annual trends in the cost of inputs to airline production for U.S. passenger carriers that report quarterly financial information to the Department of Transportation. The index facilitates comparisons between the components themselves as well as broader economic indicators.

ATA airline members and their affiliates transport more than 90 percent of all U.S. airline passenger and cargo traffic. For more information about the industry, visit www.airlines.org.

**This category primarily comprises payments by mainline carriers to their regional partners to transport passengers and cargo on their behalf.*

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article30944.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

Distribute your news on our Network

See what all the buzz is about at:

http://www.hotelnewsresource.com/Info-news_account_info.html