

Slight Cooling In The Expected Growth Rates For Air Travel Demand

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LATEST PASSENGER FORECASTS 2008

The latest passenger forecasts just released to subscribers indicate a further slight cooling in the expected growth rates for air travel demand. For 2008 as a whole the expectation is that total passenger numbers will rise by just under 4% and while this is substantially down from the soaring rates of increase experienced just a few months ago, it is the sort of demand growth which is not common to all business areas this year. The downward shift from the projection generated a month ago is not huge, across the international and domestic passenger spectrum the forecast to forecast difference is in the region of a third of a percentage point. The restraining factor is the state of the US market, remove North America from the global mix and the residual growth rates are still attractive. The regional and global overview for total passengers comprises:

% change on last year	Next Quarter	Full Year
Africa	6.5	8.6
Asia/Pacific	4.4	5.4
Europe	3.8	4.5
Middle East	8.3	10.1
Latin America	5.0	6.1
North America	0.2	0.9
Total Passengers	3.0	3.8

Necessarily the outlook for the third quarter of the year is subdued with year on year growth cut back no more than three percentage points. Again the USA is an important consideration but the idea any region can insulate itself from global forces may need to be rethought.

ASIA/PACIFIC FORECAST

The forecast for June is for total passengers to increase by 5.4% but with a somewhat higher expected rate of increase for domestic passengers. In the third quarter of the year growth is expected to ease back to 4.4% with internationals forecast to rise by 4.1%. Comparing this forecast with that delivered four weeks ago, total passenger growth for the year is down by about a third of a percentage point but with more significant forecast reductions occurring in India and Japan where the 2008 expectation is no more than 1.8%. It would follow that the forecast for Haneda is similarly reduced. Beijing drops by two percentage points but that is before an Olympic adjustment.

EUROPEAN FORECAST

The European total passenger forecast for Quarter 3 has been reduced by just over half a percentage point to 3.8% but with international demand over those three months rising by 4.5%. For this year as a whole international passengers are expected to be up by 5.2% on 2007 helping to produce the total passenger change of 4.5%. Forecast to forecast, and looking at the full year, it is the UK which fares best amongst the largest travelling nations in the region if only for reason that its numbers have already suffered serious cut-backs with the 2008 projection now cut back to 1.8% and just 2.6% for international passengers. The major airports have all seen their forecasts reduced this month. For the next quarter Barajas is down 1.8% from a very substantial high. Heathrow suffers a half point reduction. Amsterdam and Roissy are both down by a point.

NORTH AMERICAN FORECAST

The inevitable domination of the North American region by events in the USA tends to obscure the rather better performance to be expected from the Canadian market where growth this year is likely now to pan out at around 5.5%, interestingly that is also the forecast for 2009 but with a less robust international element. Forecast to forecast the Canadian passenger outlook is positive which is not the case in the USA. Latest data has served to wipe a further half point off the 2008 forecast which now stands at half a percentage point for total passengers and zero for domestics. The next quarter is expected to produce minimal growth in the region as a whole and a slight reduction in passenger numbers in the USA. Unsurprisingly there are some important downward revisions to the airport forecasts which follow closely on two sequential reductions last month. O'Hare has its next month forecast cut by 0.6%, Atlanta by 2.4% and Dallas Ft Worth by 2.6%.

Source [Air4casts GmbH](http://www.air4casts.com)

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