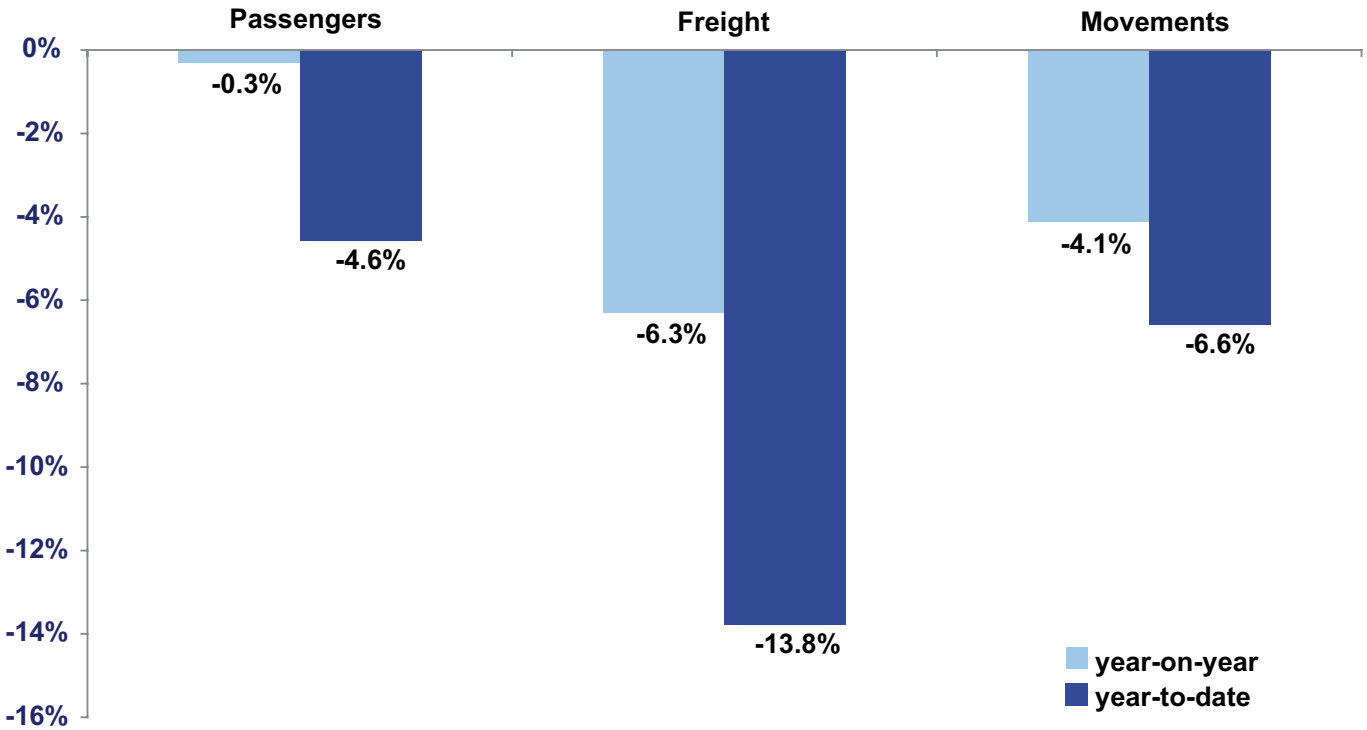
AIRPORTS COUNCIL INTERNATIONAL

Bulletin QUARTERLY TRAFFIC Q3 2009

Encouragingly third quarter 2009 results spur hopes for quicker recovery (all figures presented are year-on-year comparisons)

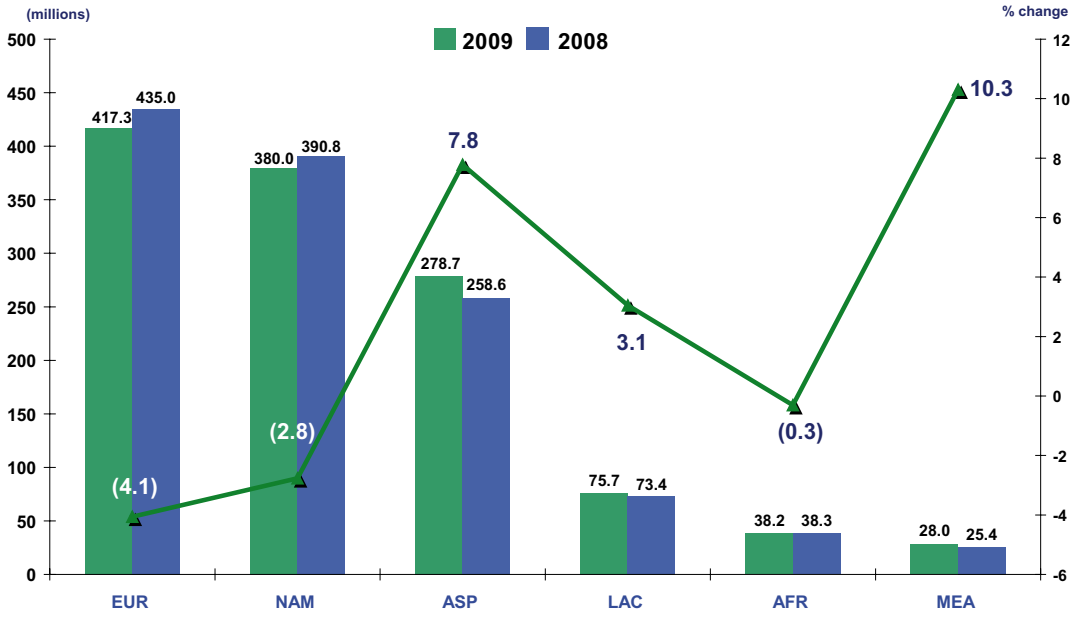
Quarter 3 2009 showed a marked improvement of passenger traffic and freight volumes compared previous quarters. While passenger traffic was almost flat at 0.3% (Figure 1), freight volumes shrank by 6.3%. Relative to the year-to-date performances these numbers clearly indicate the beginning of a recovery in the air transport sector and confirm signs of a recovery in the global economy as a whole. Also, passengers return faster to the market than capacity, as aircraft movements comparatively showed only a minor improvement in the third quarter. Quarter 3 figures are crucial as they represent the travel and holiday season, traditionally the busiest months of the year in terms of passenger volumes.

Figure 1: Q3 2009 percentage growth year-on-year and year-to-date



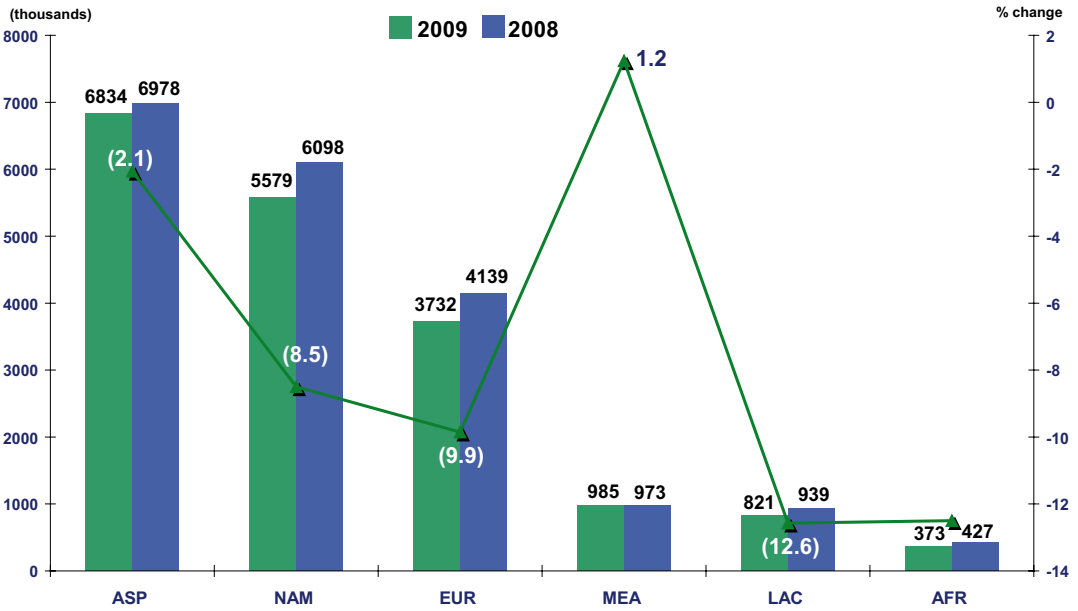
The stabilization of passenger numbers can be clearly attributed to the Asia-Pacific Region where traffic increased by 8% in the third quarter (Figure 2). Latin America and the Middle East also contributed to the positive trend with rates of +3% and +10% respectively. Europe and North America remain depressed, as economies in these two regions are the worst hit by recessions together with erosion of consumer and business confidence.

Figure 2: Q3 2009 total passengers



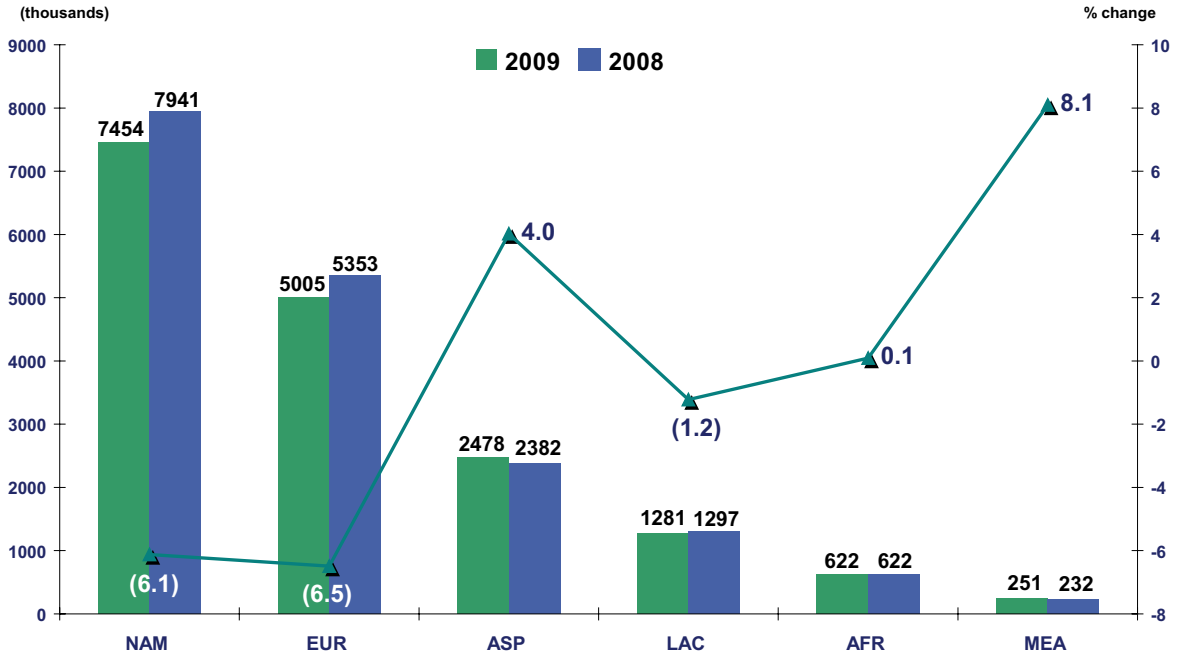
The same is true for freight (Figure 3) where Europe and North America continue to show the largest declines. Asia Pacific has recovered from the massive collapse of air freight during the first half of 2009 and only shows a minor drop. Economic recovery has also not kick started freight volumes in Latin America and Africa yet. The Middle East remained the only region with growing freight traffic.

Figure 3: Q3 2009 total freight



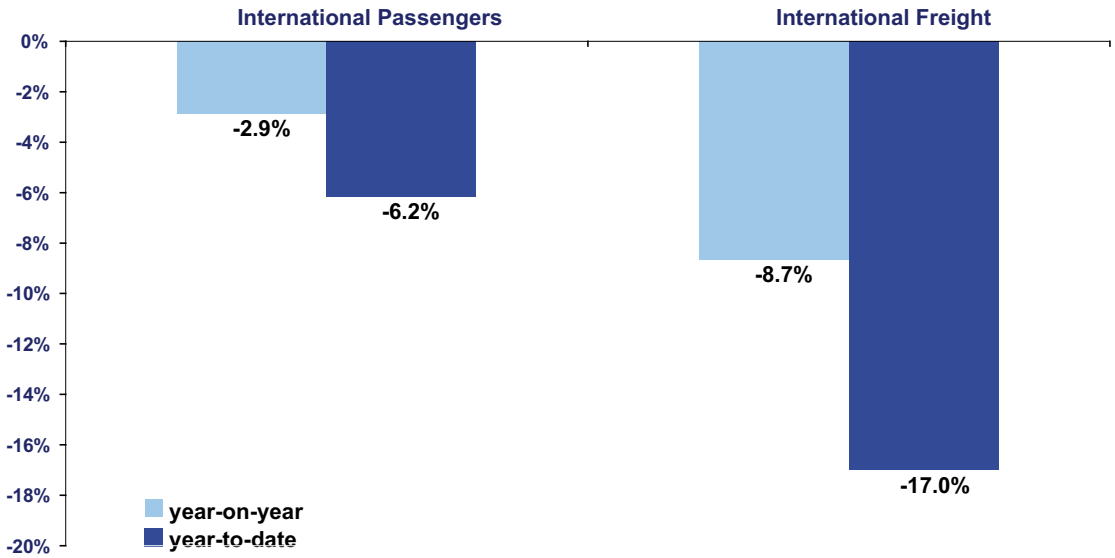
The movement category (Figure 4) depicts the discrepancy of current dynamics in the aviation industry. While North America and Europe remain cautious with regard to adding capacity back to the system, Asia-Pacific and the Middle East are expanding.

Figure 4: Q3 2009 total movements



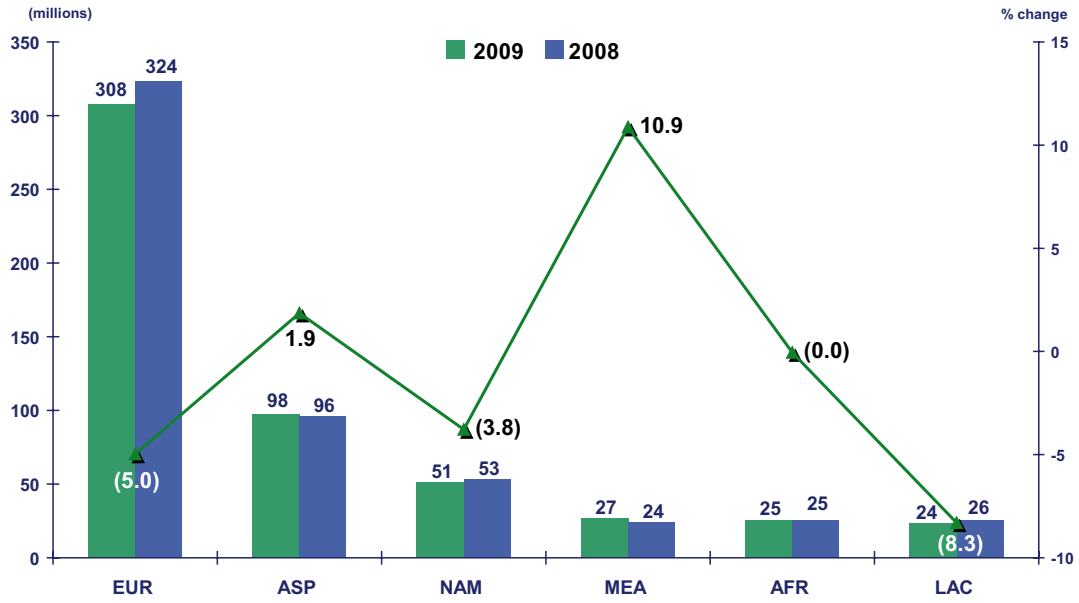
Looking just at international traffic and freight (Figure 5) it becomes clear that the upward trend is driven by growing domestic traffic and freight as international figures remain behind total performance. However, relative to the year-to-date growth, Quarter 3 also showed a marked improvement.

Figure 5: Q3 2009 international passenger and freight year-on-year percentage growth rate



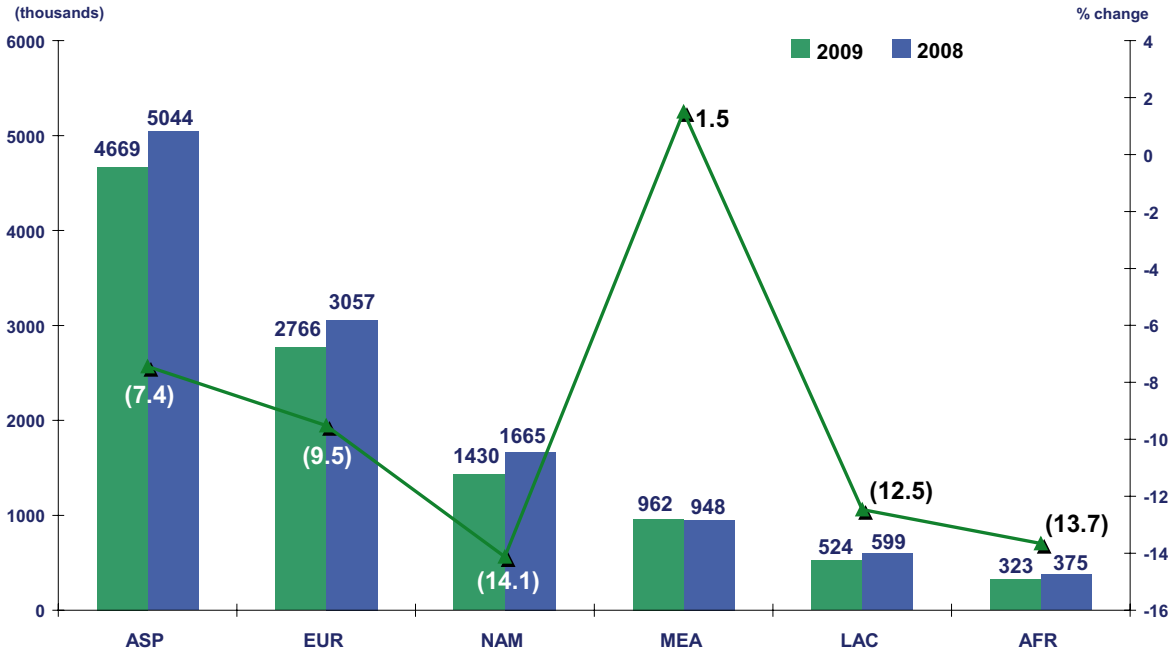
The regional breakdown of international traffic illustrates that Latin America is struggling the most, meaning that in light of flat total traffic in quarter 3, domestic traffic has grown strongly. International traffic (Figure 6) also remained behind domestic traffic in Europe and North America, whereas in Africa it is performing slightly better than domestic. The divergence between international and domestic traffic is the largest in Asia-Pacific where international traffic only grew by 2%. By far the best performance was registered in the Middle East with growth of 11%.

Figure 6: Q3 2009 international passengers



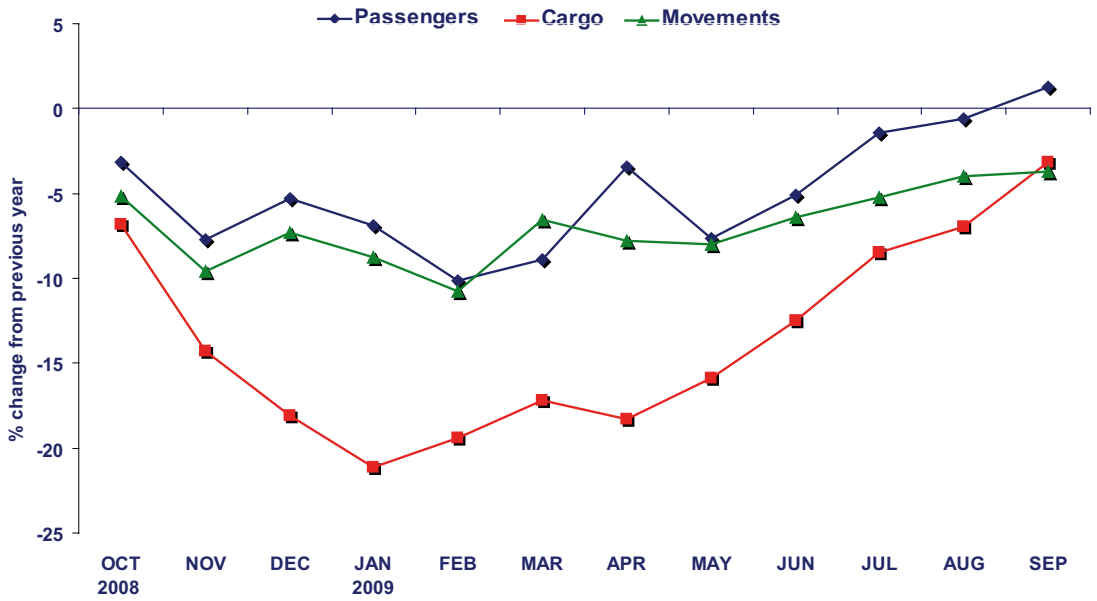
The situation is similar in the freight sector (Figure 7) where international freight is lagging behind domestic freight. The largest discrepancies between international and total freight (around 5%) occurred in North America and Asia-Pacific. These two regions also have the largest domestic freight markets pointing to a surge in domestic demand which could still be served from inventories.

Figure 7: Q3 2009 international freight (metric tonnes)



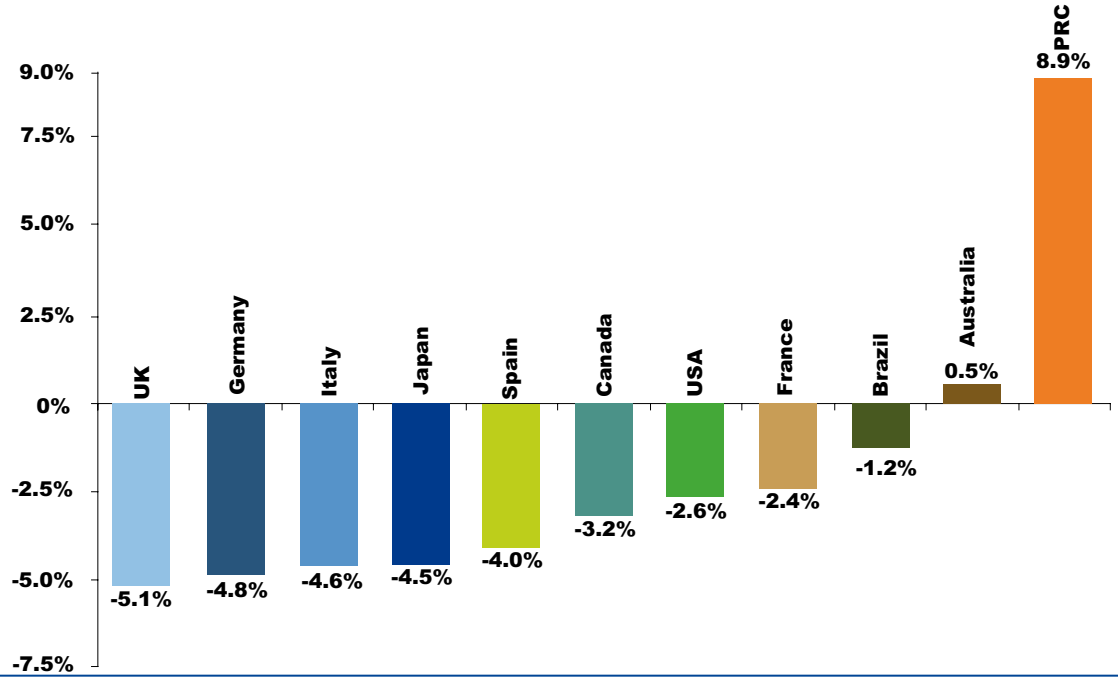
The air transport industry has spent three quarters in purely negative territory. In quarter 3 2008 the decline commenced, while quarter 3 2009 saw the return to growth in September (Figure 8). Preliminary October and November figures confirm that upwards trend. Freight has experienced a collapse during the first quarter but has seen a steep rebound which has resulted in returned strong growth in November as preliminary figures confirm. Movements are relatively stable showing a more modest recovery as aircraft operators remain cautious about demand and are aiming at high load factors and yields.

Figure 8: Evolution of airport traffic worldwide



Gross Domestic Product (GDP) was still clearly depressed in quarter 3 compared to the previous year quarter (Figure 9). However, the table below does not show that most countries exited recession during the third quarter as their economies started to grow again relative to the second quarter. China remains an exception as growth accelerated in the third quarter majorly supported by massive economic stimulus programmes amounting to hundreds of billions of US dollars.

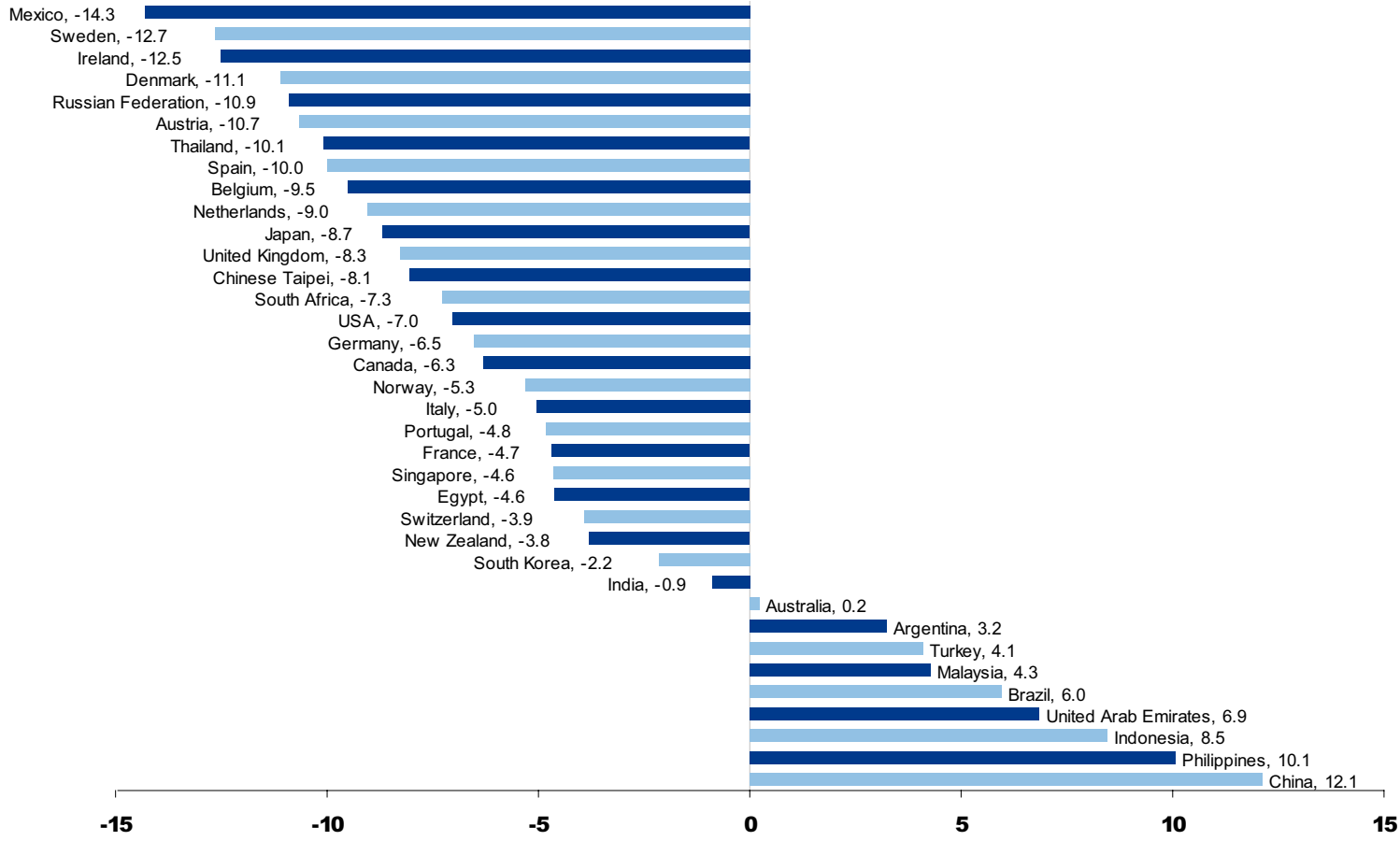
Figure 9: GDP growth in major markets year-on-year Q3 2009



With the exception of Brazil, all countries that reported negative GDP growth had an even more negative traffic performance. In China, passenger traffic outperformed GDP. This follows the traditional pattern whereby traffic under performs when GDP declines and outperforms when GDP grows.

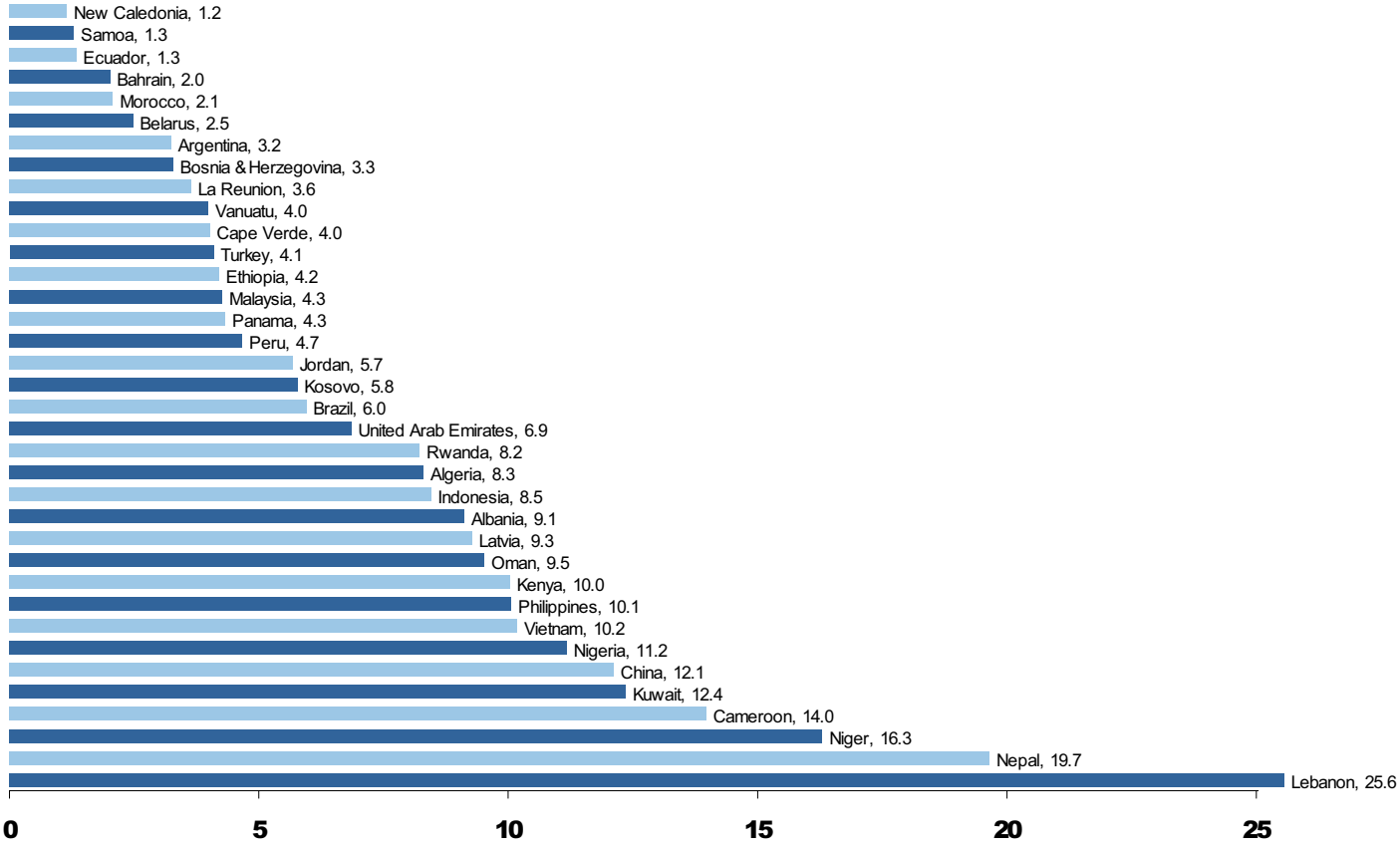
Looking at individual country's traffic performance (Figure 10), on the plus side the list is dominated by countries in Asia as well as Turkey, Brazil, Argentina and Australia. China, Indonesia, Philippines, Brazil, Argentina and Australia are driven by domestic demand. Turkey, UAE and Malaysia benefit from fast growing home carriers (including Air Asia). Leading negative growth is Mexico as it is still recovering from the substantial losses in the wake of the H1N1 influenza outbreak. Furthermore, the Mexican economy and personal income critically depends on the U.S.

Figure 10: Q3 2009 percentage growth in world's largest aviation markets year-on-year



Thirty-six countries registered passenger traffic growth in the third quarter (Figure 11). Lebanon has grown by 25% reflecting its unabated economic growth and attractiveness of the country as a travel destination in the Middle East. Also noticable is the high proportion of secondary aviation markets in Africa (Niger, Cameroun, Nigeria, Kenya, Algeria, Rwanda, etc) among the growing countries.

Figure 11: Q3 2009 All countries registering Q3 growth



It comes as no surprise that of the ten fastest growing airports (Figure 12) seven are located in China. One is in Brazil, and the other two are in India and Vietnam. China, Brazil and India are also the countries with the fastest growing domestic traffic, a trend that has further manifested in quarter 4. All 30 airports are located either in Asia-Pacific, Middle East or Latin America. The only exception is Milan / Bergamo in Italy.

Figure 12: 30 airports reporting biggest year-on-year growth in Q3 2009

Airport, country	CODE	total passengers	% change
CHENGDU, CN	CTU	6 348 931	44.8
BRASILIA, BR	BSB	3 411 481	33.4
XIAMEN, CN	XMN	2 964 089	25.9
KUNMING, CN	KMG	5 040 691	25.1
HANGZHOU, CN	HGH	4 020 518	23.5
BEIJING, CN	PEK	17 507 400	22.8
NANJING, CN	NKG	3 024 343	22.8
SHANGHAI, CN	PVG	8 747 574	22.0
NEW DELHI, IN	DEL	6 086 023	20.8
HA NOI, VN	HAN	2 026 859	18.8
KUWAIT, KW	KWI	2 375 963	18.2
JEJU, KR	CJU	3 772 924	17.9
JAKARTA, ID	CGK	9 565 283	17.1
BANGALORE, IN	BLR	2 431 407	16.7
MILAN, IT	BGY	2 187 384	16.7
SHENZHEN, CN	SZX	6 057 985	16.0
SHANGHAI, CN	SHA	6 540 633	14.9
GUANGZHOU, CN	CAN	9 332 680	14.6
DUBAI, AE	DXB	10 689 252	13.9
MANILA, PH	MNL	5 678 006	12.1
SEOUL, KR	GMP	4 081 980	11.8
KUALA LUMPUR, MY	KUL	7 679 573	11.2
MUMBAI, IN	BOM	5 928 239	9.8
RIO DE JANEIRO, BR	GIG	2 793 189	9.1
MADRAS, IN	MAA	2 559 602	7.9
BANGKOK, TH	BKK	10 074 025	7.7
PERTH, AU	PER	2 585 426	7.2
ISTANBUL, TR	IST	8 776 560	7.0
SÃO PAULO, BR	GRU	5 735 478	6.7
BAHRAIN, BH	BAH	2 515 718	6.7

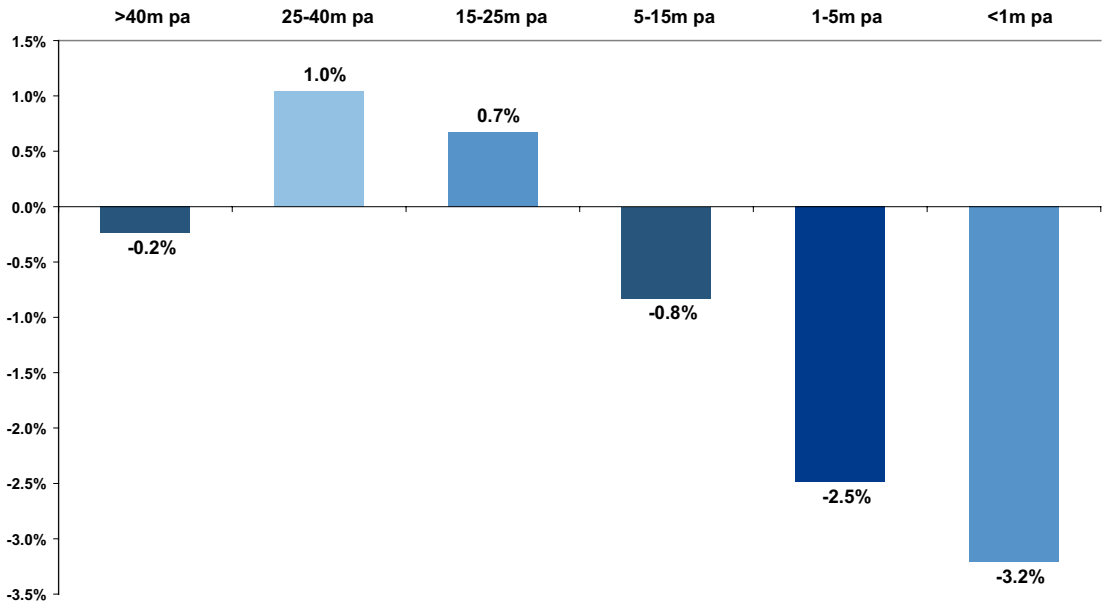
For the 30 airports with the largest reductions in traffic (Figure 13), the picture is dominated by airports in the U.S. and Europe. Airports in Japan suffer from declines in international travel caused by recession, export declines and H1N1 sensitive Japanese travellers.

Figure 13: 30 airports reporting biggest year-on-year declines in Q3 2009

RANK	Airport, country	CODE	total passengers	% change
1	CINCINNATI OH, US	CVG	2 839 636	(20.6)
2	SAN JOSE CA, US	SJC	2 236 362	(14.5)
3	DUBLIN, IE	DUB	6 005 735	(14.3)
4	OAKLAND CA, US	OAK	2 541 275	(14.0)
5	CANCUN, MX	CUN	2 587 265	(13.4)
6	GRAN CANARIA, ES	LPA	2 110 289	(12.6)
7	OSAKA, JP	KIX	3 736 056	(12.5)
8	NAGOYA, JP	NGO	2 580 472	(12.4)
9	GLASGOW, GB	GLA	2 251 643	(12.1)
10	SAN JUAN, PR	SJU	2 069 967	(11.8)
11	VANCOUVER BC, CA	YVR	4 709 350	(11.6)
12	CLEVELAND OH, US	CLE	2 639 174	(11.5)
13	WARSAW, PL	WAW	2 639 006	(11.1)
14	STOCKHOLM, SE	ARN	4 213 804	(10.7)
15	MANCHESTER, GB	MAN	6 179 065	(10.0)
16	DETROIT MI, US	DTW	8 202 391	(9.6)
17	ST LOUIS MO, US	STL	3 447 911	(9.5)
18	SACRAMENTO CA, US	SMF	2 352 343	(9.2)
19	STUTTGART, DE	STR	2 736 448	(8.4)
20	LONDON, GB	STN	6 266 410	(8.3)
21	LONDON, GB	LTN	2 862 408	(8.1)
22	PORTLAND OR, US	PDX	3 705 084	(8.0)
23	MEXICO CITY, MX	MEX	6 312 887	(7.3)
24	PALMA DE MALLOR-CA, ES	PMI	8 552 707	(7.3)
25	CHICAGO IL, US	ORD	17 430 490	(7.2)
26	LARNACA, CY	LCA	2 003 539	(7.2)
27	BARCELONA, ES	BCN	8 227 291	(7.2)
28	MALAGA, ES	AGP	3 919 985	(7.1)
29	LAS VEGAS NV, US	LAS	10 389 054	(7.1)
30	COPENHAGEN, DK	CPH	5 643 367	(7.0)

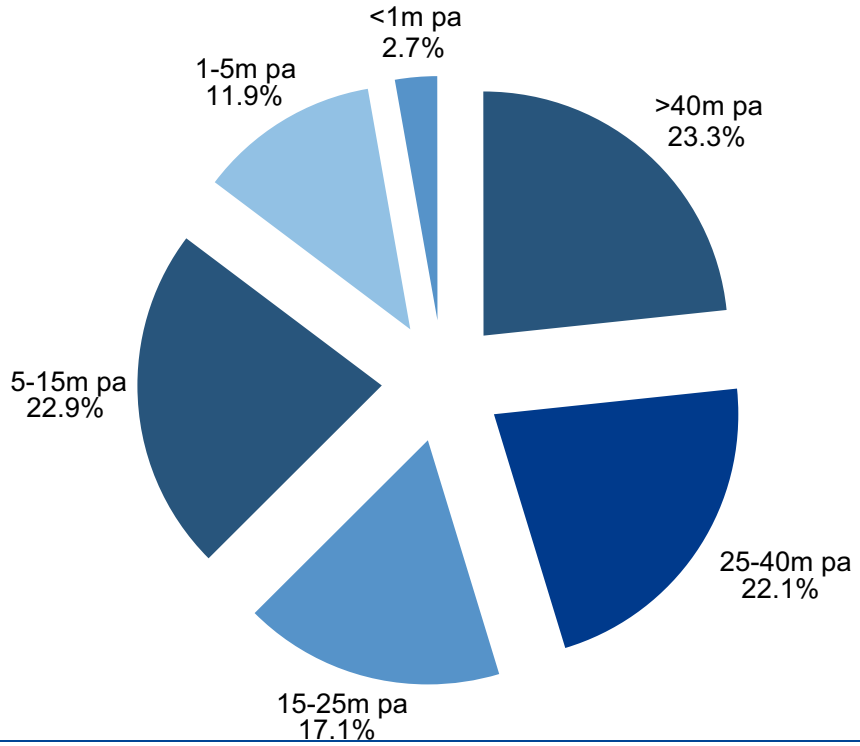
The breakdown by size (Figure 14) reveals that airports with more than 15 million passengers are the first to grow while the smaller airports (particularly airports below 5 million passengers per year) continue to suffer heavier losses. In the wake of the financial crisis many smaller airports were facing cuts of routes and frequencies as they became un-viable. Airlines consolidated their operations and focused on larger airports and hubs. Also, many of the airports in China are in the medium sized and large category.

Figure 14: Q3 2009 year-on-year growth per size category



Airports in the over 40 million passenger per annum category register the largest market share (23.3%) closely followed by airports between 5 and 15 million (Figure 15). The airports above 15 million passengers account for almost two thirds of global traffic. Overall, it can be said that the medium sized and large airports have gained market share during the crisis at the expense of smaller airports below 5 million passengers in particular.

Figure 15: Q3 2009 airport size category and market share



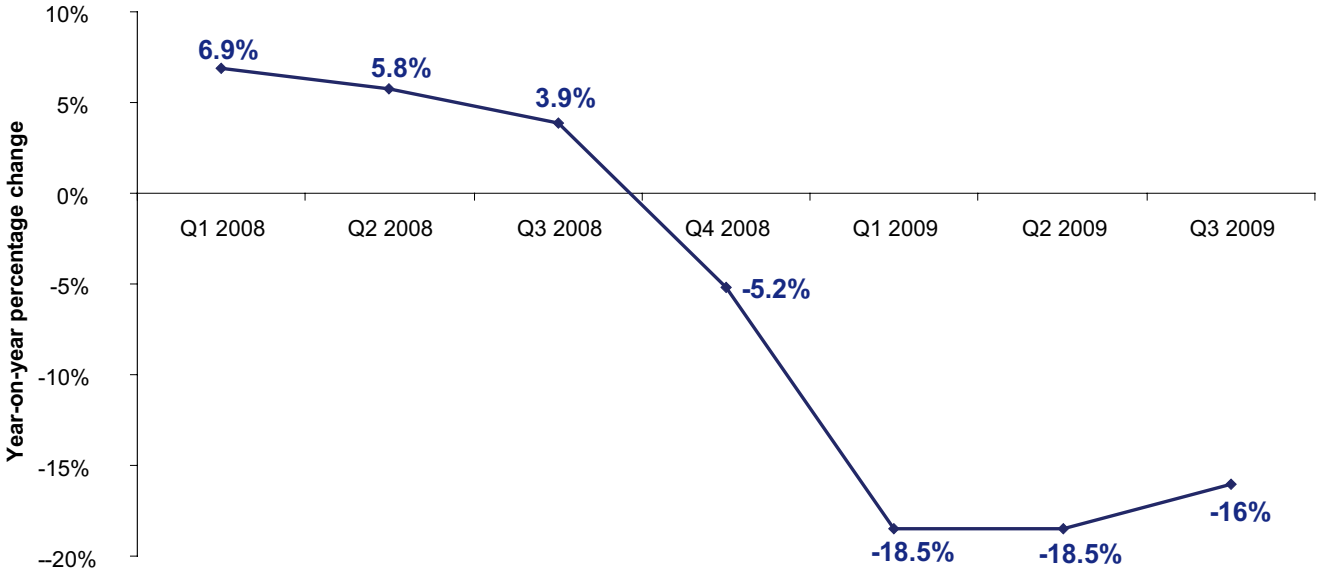
The large international airports have coped comparatively well with the crisis as they rely on large home markets and connecting traffic (Figure 16). Almost none of the top 20 international airports have suffered more than 5% declines in the third quarter except for London Stansted, Dublin, and Palma which do not have hub status.

Figure 16: Top 20 international airports Q3 2009
(international traffic only)

RANK	Airport, Country	Code	Total passengers	% change
1	LONDON, GB	LHR	17 228 616	0.7
2	PARIS, FR	CDG	15 109 932	(4.6)
3	AMSTERDAM, NL	AMS	13 031 589	(5.9)
4	FRANKFURT, DE	FRA	12 790 270	(3.0)
5	HONG KONG, HK	HKG	11 552 000	(2.9)
6	DUBAI, AE	DXB	10 494 082	14.3
7	LONDON, GB	LGW	9 534 806	(4.0)
8	SINGAPORE, SG	SIN	9 096 585	2.3
9	TOKYO, JP	NRT	8 546 254	0.9
10	MADRID, ES	MAD	8 403 538	(2.3)
11	INCHEON, KR	ICN	7 650 706	0.8
12	ANTALYA, TR	AYT	7 504 039	(3.4)
13	BANGKOK, TH	BKK	6 913 377	(4.1)
14	MUNICH, DE	MUC	6 867 190	(3.6)
15	PALMA DE MALLORCA, ES	PMI	6 651 687	(10.2)
16	NEW YORK NY, US	JFK	6 534 645	(0.0)
17	ROME, IT	FCO	6 447 008	(5.9)
18	ZURICH, CH	ZRH	6 065 170	(0.1)
19	DUBLIN, IE	DUB	5 842 965	(13.8)
20	LONDON, GB	STN	5 720 874	(7.0)

Air freight is a key facilitator of world trade. Any reduction in global trade volumes has immediate effects on freight demand. As Figure 17 shows, global trade volume remains depressed compared to previous year quarters. A clearer up-tick in quarter 4 is expected as global demand should pick up.

Figure 17: World trade volume



All regions remain in negative territory as far as international freight is concerned (Figure 18). The trend however is stable and encouraging and should result in positive growth in early 2010.

Figure 18: International freight regional trends