

Analysis of yields for selected domestic markets

Prepared for the London (Heathrow)
Airline Consultative Committee

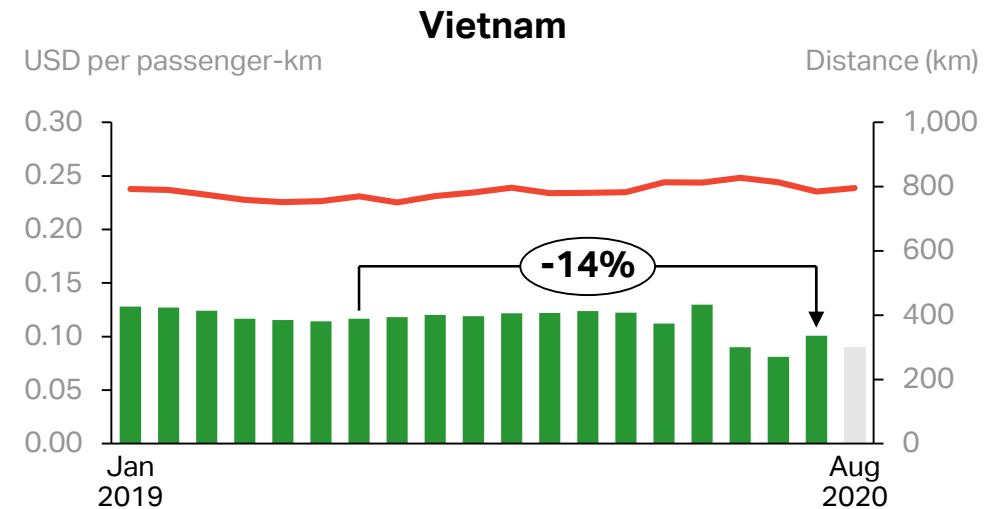
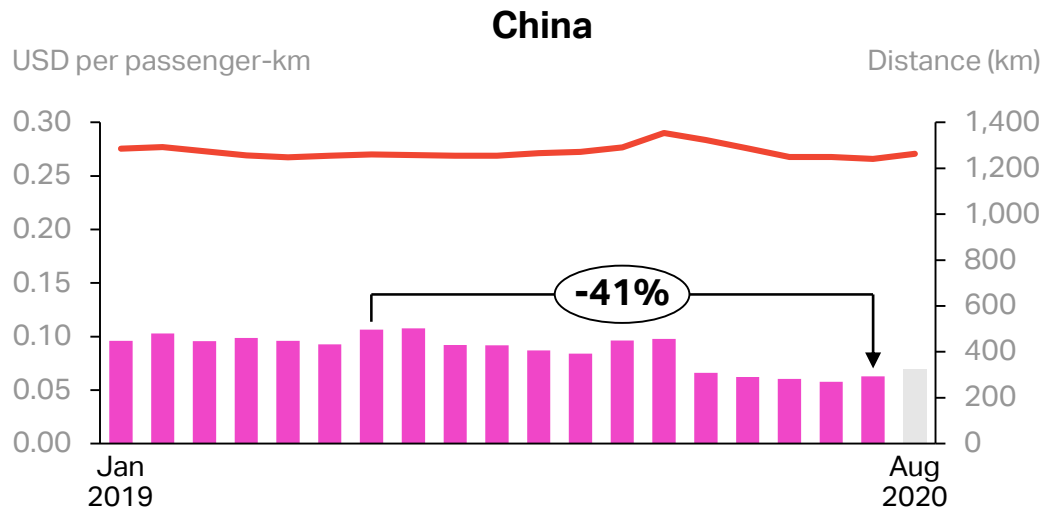
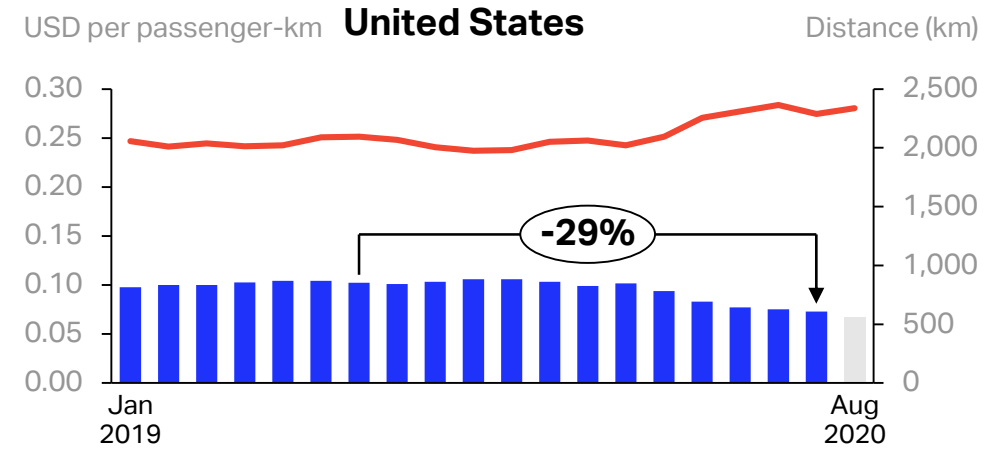
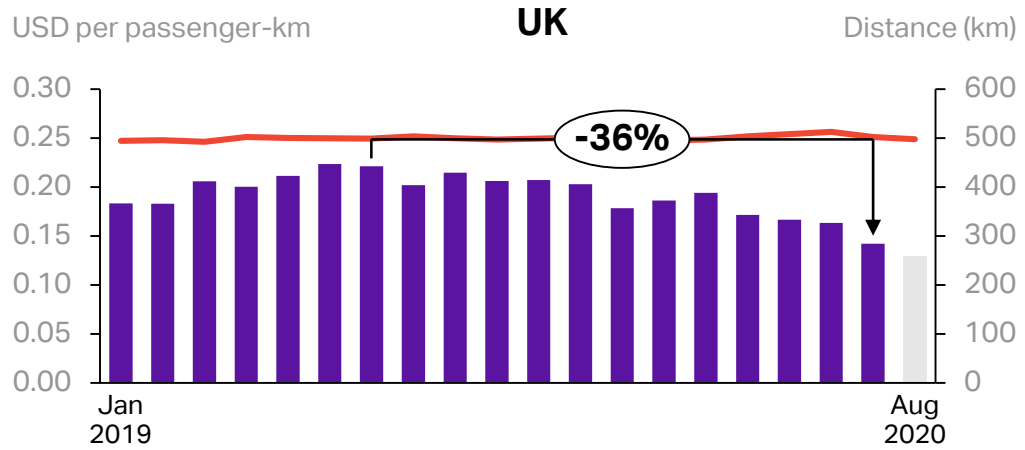
by IATA Economics



On domestic routes, yields have fallen in recent months

Average yield and route distance based on domestic sales/exchanges

— Stage length
■ Yield

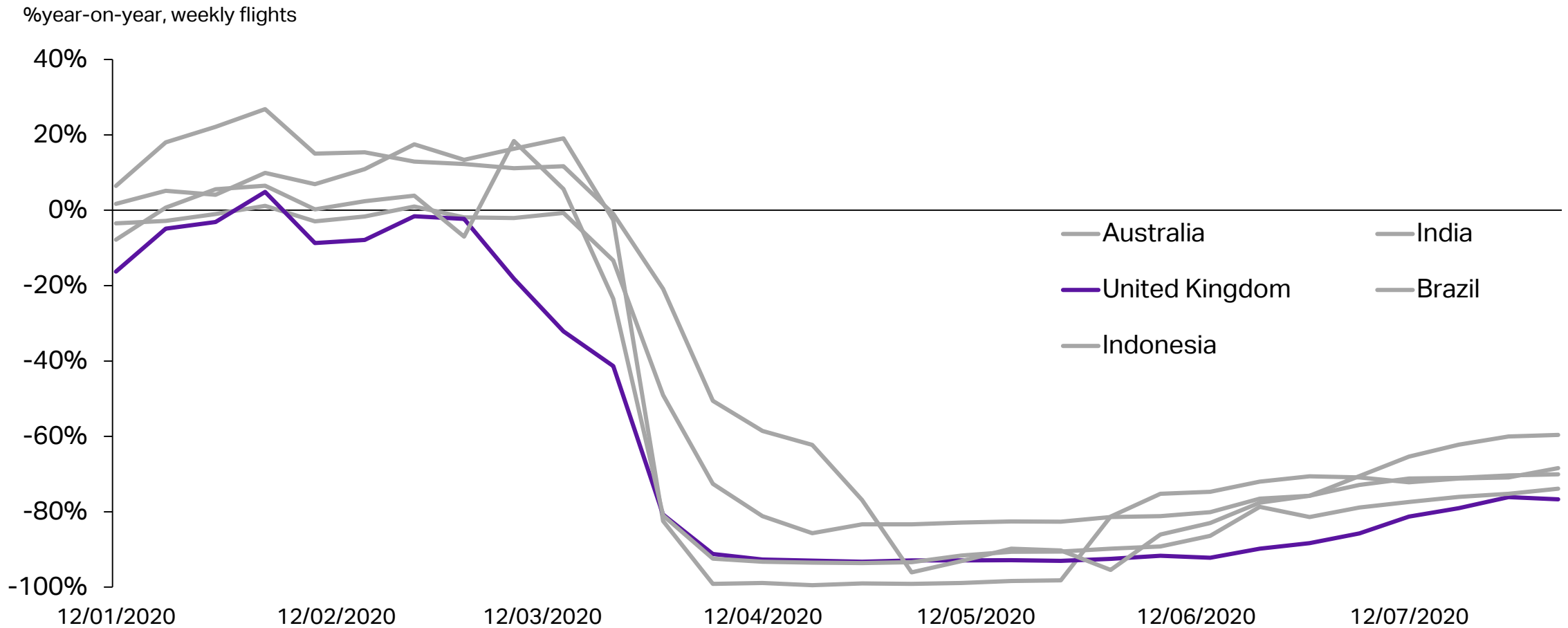


2 IATA Economics analysis based on data from DDS
 Note: Data used includes sold and exchanged tickets (refunds excluded)



Domestic markets with slow recovery

Still at -60% to -80% compared to the previous year

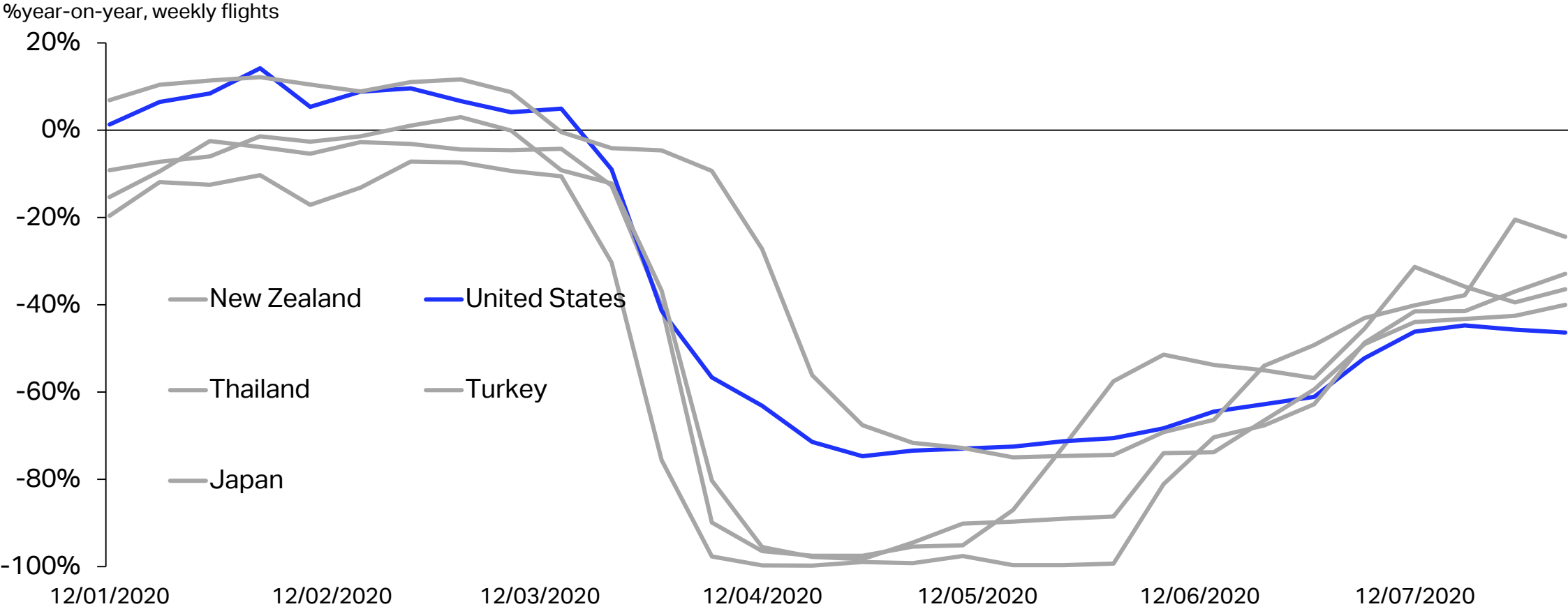


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Domestic markets with moderate recovery

Presently at -20% to -45% compared to the previous year

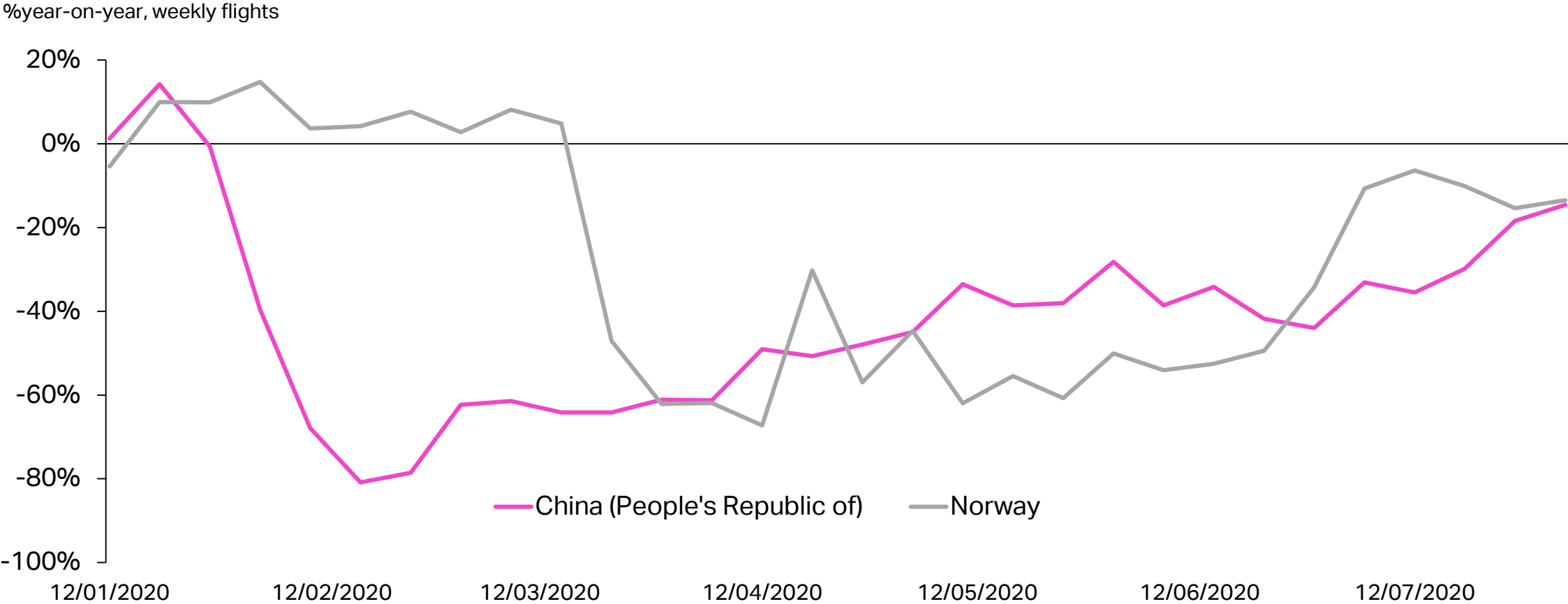


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Domestic markets with faster recovery

Presently at -10% to -20% compared to the previous year



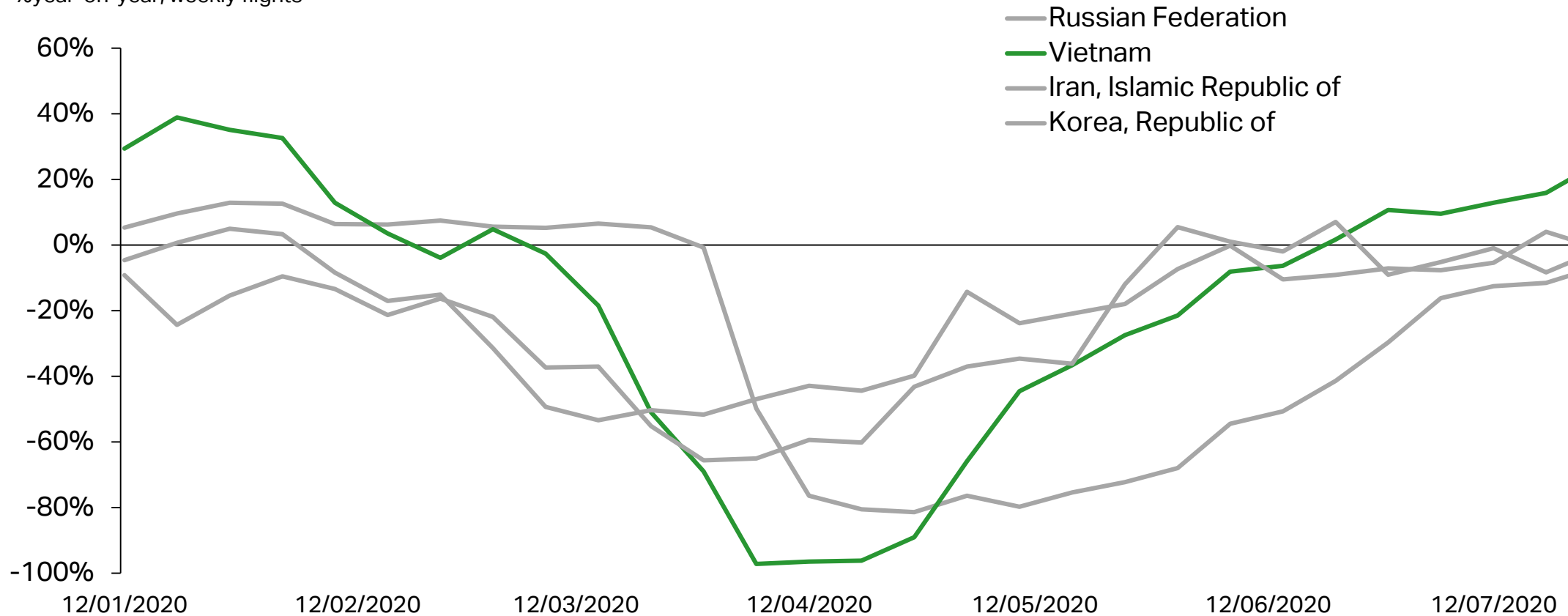
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Domestic markets with flights close to last year

Vietnam 25% higher y/y at the beginning of August, declining recently

%year-on-year, weekly flights

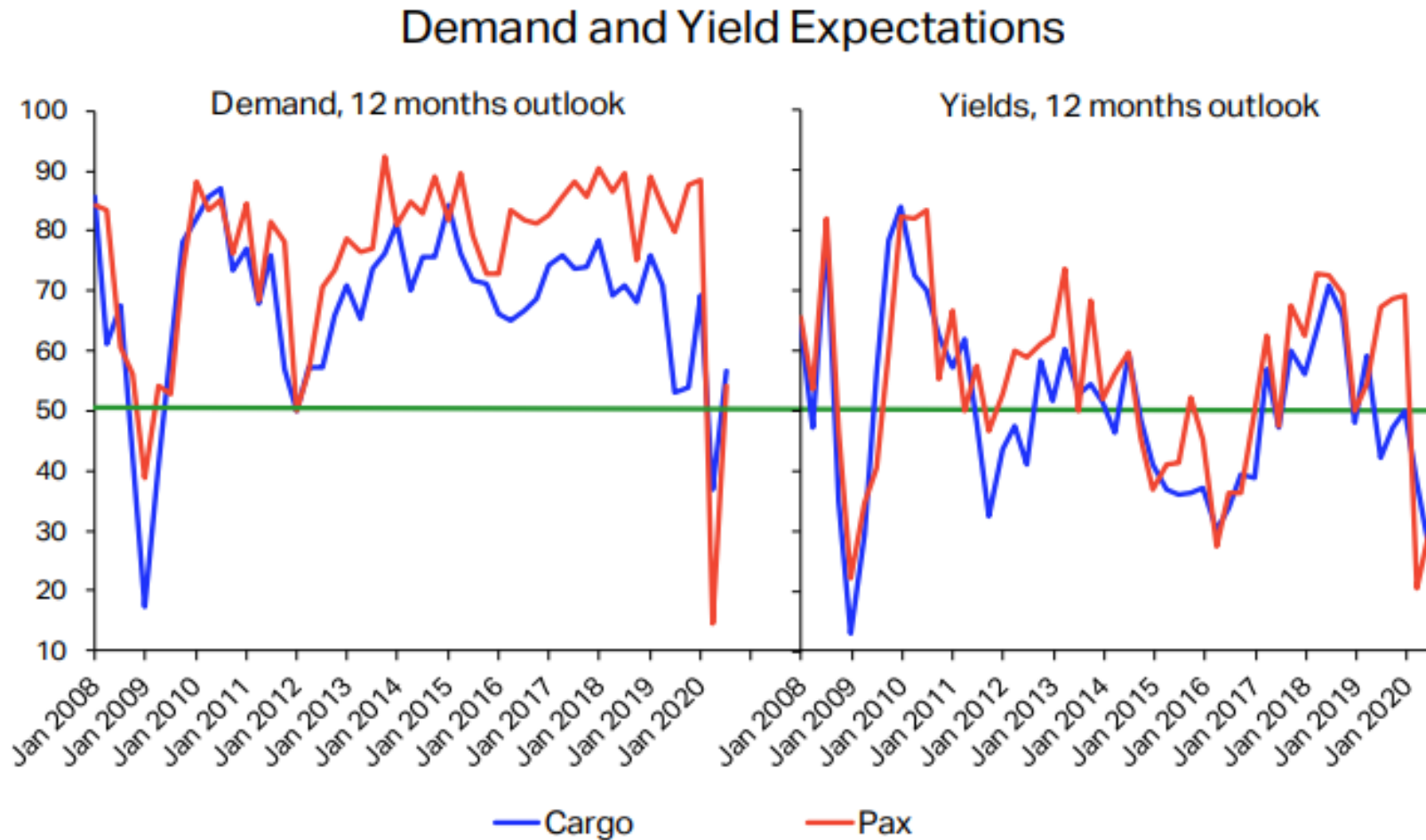


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Industry outlook for demand and yields diverge

The industry expects yields to remain low in the next 12 months



Source: IATA Economics

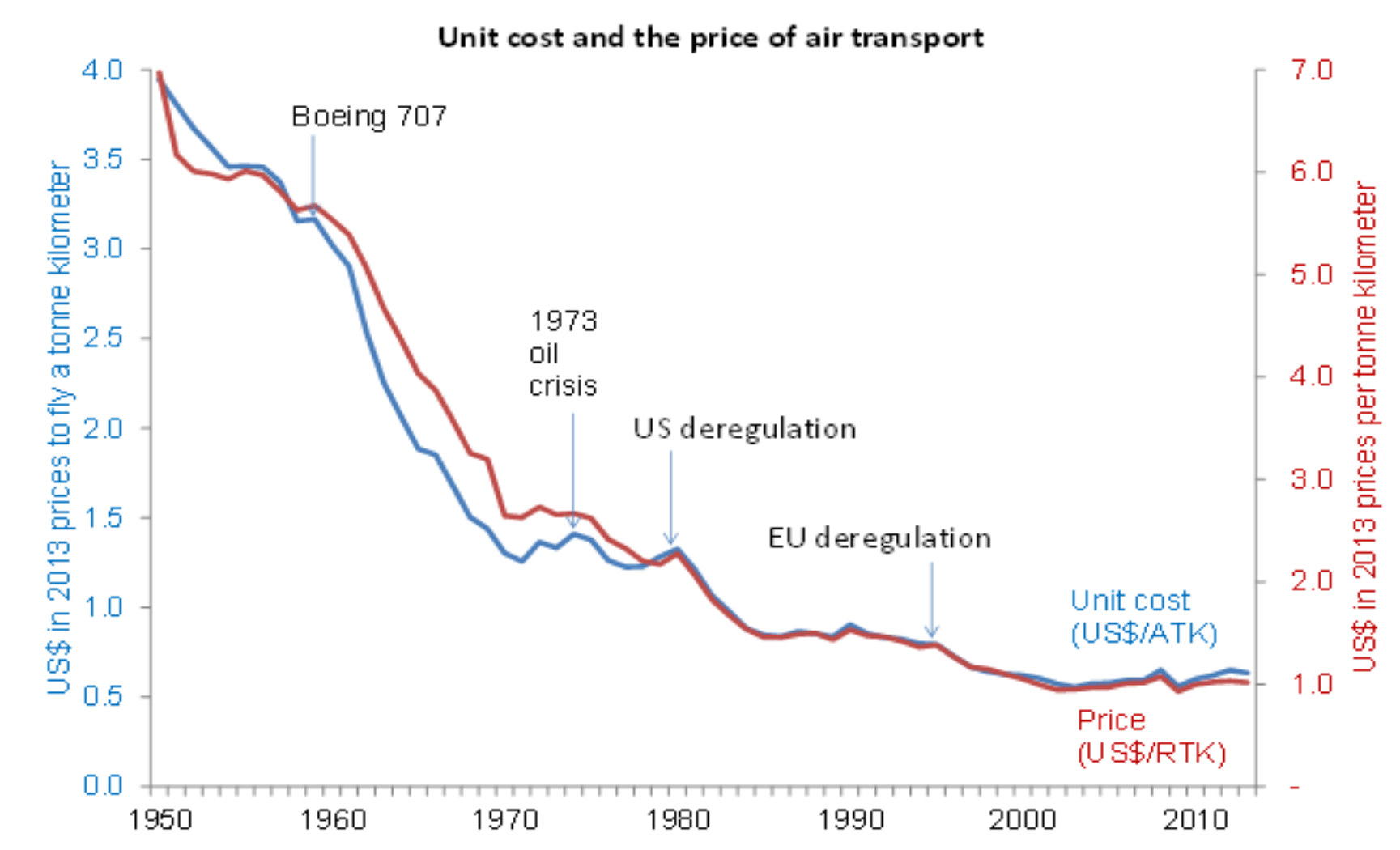
Global airline industry: long-term trends in airline fares and costs

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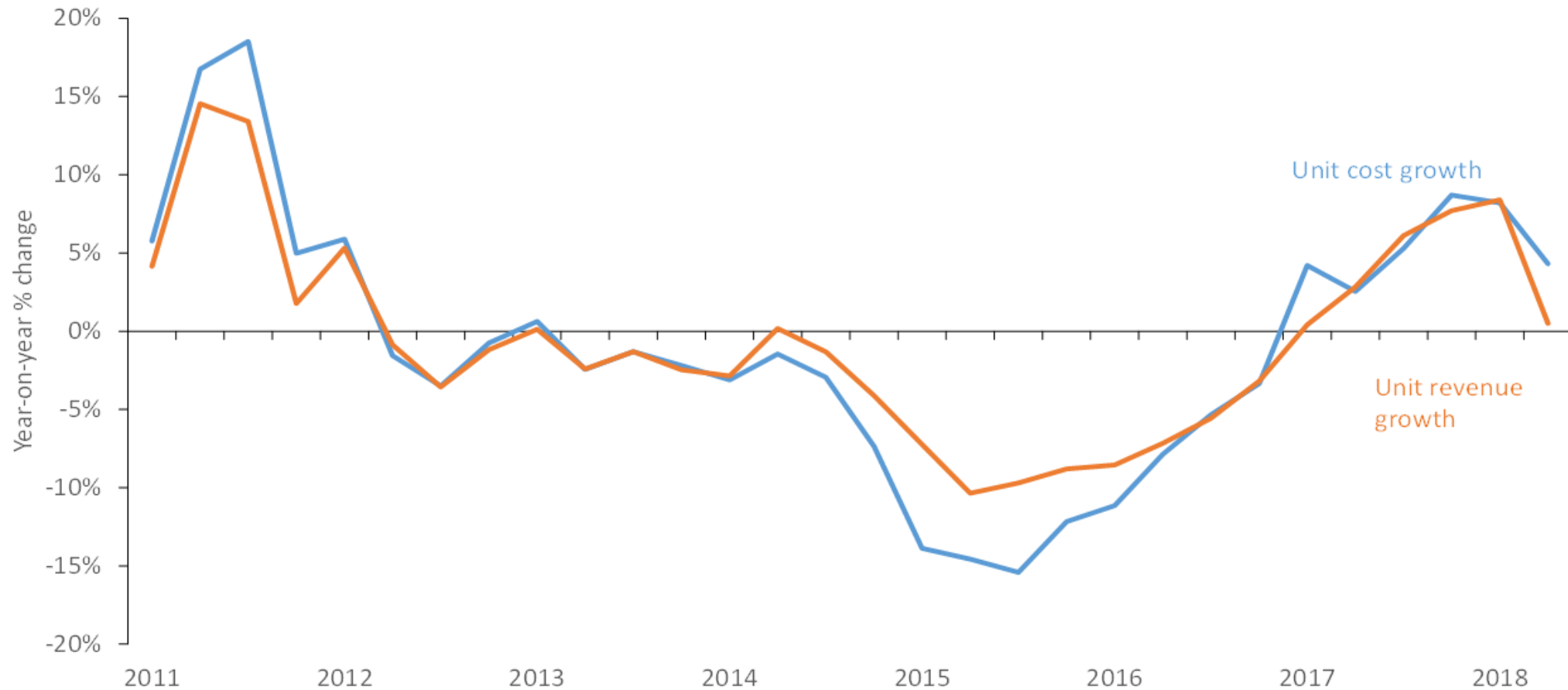


In the long term, strong positive correlation between airline unit cost and price

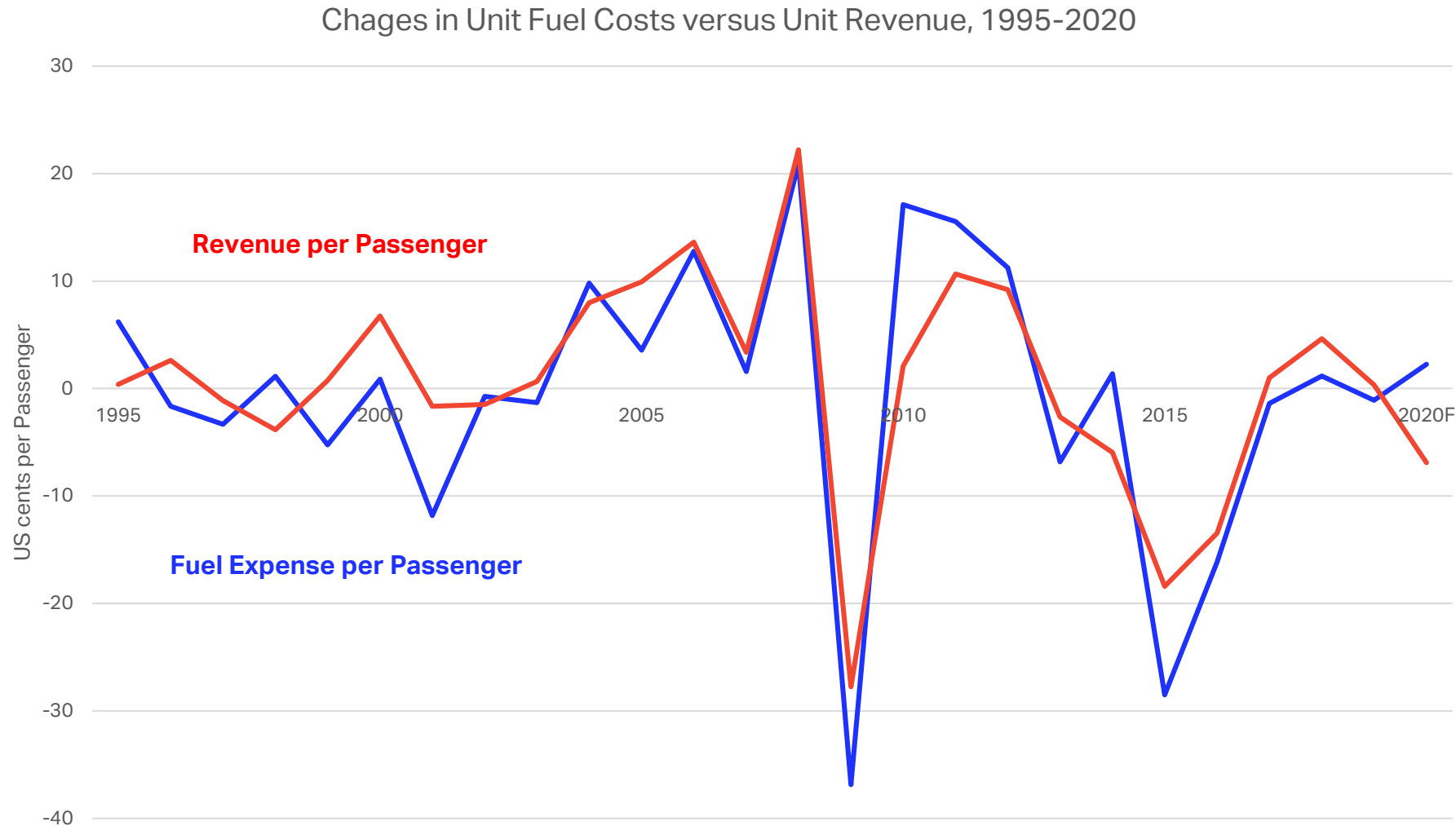


There is clear evidence of cost pass-through at the industry level

Industry wide growth in unit revenues and unit costs, in US\$



Fuel cost shocks have been historically passed through across the airline industry



Since 1970, the airline industry has passed on over 70% of the increase in unit costs

Unit costs, yields and breakeven load factors

