Disrupting airline distribution

Airlines are keen to lower distribution costs and develop better ways of marketing their offerings across their own sales channels. Some major European airlines are levying surcharges for tickets bought through an intermediary. To find out more and what this could mean for you, click here.

Travel and expense:

Many companies use online booking tools and many have introduced expense management systems. But there's so much more they can do to implement an end-to-end system, which reduces the stress of business travel, while improving travel program effectiveness. We explore the options they have here.

Air

Improving economic conditions supported strong global air travel demand throughout 2017. Traffic grew by 7.6% year-over-year.1 Stronger demand growth and rising business confidence towards the end of the year point to a solid start for air traffic in 2018. High load factors may encourage airlines to pursue the fare increases they need to offset rising fuel and labor costs. Prices are climbing slowly in the markets with the strongest demand.

Click on our commentary for each region to see more detail*

Europe We lowered our intercontinental

business fares forecast from 2% to 1%, but increased it for intercontinental economy from 0% to 1%.

Middle East

The forecasts for intercontinental and regional economy fares increased from 0% to 2%.

from -2% to -1%. But we

lowered it for regional economy

fares from 0% to -1%.

Asia

Because of stronger demand,

our intercontinental fares

forecasts increased to 1% for

both business and economy

travel, up from 0% and -1%

respectively.

We raised our intercontinental economy forecast from -2% to 0%, to reflect stronger than expected demand.

North America

Growing demand

persuaded us to increase

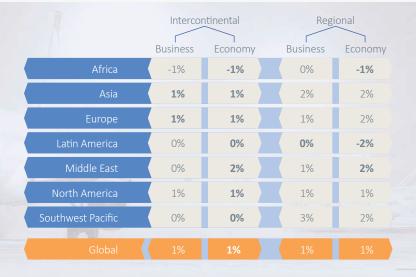
our forecast for intercontinental

economy fares from 0% to 1%.

Latin America As we revised up our forecasts for intercontinental economy and regional business fares, most fares will be flat. But they will decrease for regional economy travel.

Africa We revised up our outlook for Southwest Pacific intercontinental economy fares

¹IATA, Air Passenger Market Analysis, December 2017



Hote

Bold numbers indicate change to original forecast

Our global rate outlook for 2018 remains unchanged at 2-4%. We adjusted our forecasts for the Middle East, as concerns about demand persuaded us to lower our figures for Oman and Saudi Arabia. We also revised our outlook for Africa to 6-8%, after lowering our forecasts for Egypt, Kenya and Nigeria. Asia's forecast changed from 1-3% to 2-4%, as we increased our forecast for China from 2-4% to 3-5% because of stronger-than-expected demand. We maintained our forecasts for the other regions.

region to see more detail*

Global +2% to 4%

North America +2% to 4%

> Latin America +2% to 4%

Europe +1% to 3%

+2% to 4% Middle East

-1% to +1%

Africa +5% to 7%

Southwest Pacific +3% to 5%

Asia

Bold numbers indicate change to original forecast

Economic growth assumptions

Regional economic growth forecasts 2016-2018

20011011110 8101111111111111111111111111			Giornal economie growth forecasts 2010 2010				
				2016	2017	2018	
World GDP growth	2017	2018	Africa	2.6%	3.3%	3.7%	
			Asia	4.6%	4.9%	4.8%	
	2.9%	3.2%	Europe	1.9%	2.6%	2.3%	
			Latin America	-1.4%	1.6%	2.8%	
The outlook for the global economy has improved. In 2018, it will grow by 3.2%, delivering its strongest performance since 2011. Emerging markets are largely responsible for this improvement, with growth forecasts upgraded for both Asia and Latin America. Among advanced economies, the improvement in European growth continues, and will be faster than previously thought. While there has been no change to the outlook for North America, the prospect of a U.S. government stimulus program could result in stronger-than-currently forecasted growth.			Middle East	5.0%	1.2%	3.0%	
			North America	1.5%	2.3%	2.6%	
			Southwest Pacific	2.7%	2.3%	2.5%	
			Global	2.4%	2.9%	3.2%)

Source: Oxford Economics, January 2018

Bold numbers indicate change to original forecast

Oil price assumption



Oil prices

The continuation of OPEC's production cuts will preserve the gains oil prices made during the second half of 2017. U.S. producers are unlikely to increase supply enough to lower prices. Demand should also increase, as the global economy strengthens, and this will provide further support to prices. We have raised our oil price assumption from US\$50 to US\$60 per barrel.

Source: BCD Travel

*Please open using Adobe Acrobat Reader to view detail.