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- **September was marked by four airline failures creating an immediate impact on European flight growth, which recorded a fractional increase of 0.3% compared with September 2018. Preliminary data for October show average daily flights down 0.4% on October 2018.**

- **The updated seven-year forecast is for 1.1% more flights for Europe in 2019 compared with 2.8% in the previous forecast, a significant downward revision owing to, inter alia, a weaker than expected economic outlook and the grounding of the B737 MAX.**

- **EU carbon prices averaged €24/tonne in October 2019 compared with €20/tonne in October 2018.**

- **Oil prices dropped to €53.5 per barrel in October from €56 in September. For the first nine months of 2019 oil prices averaged €57.5 per barrel, down 6% on the year-ago period.**

- **Ticket prices increased by 2.9% in September. For the first nine months of 2019, airline tickets were 0.6% more expensive than the year-ago period.**

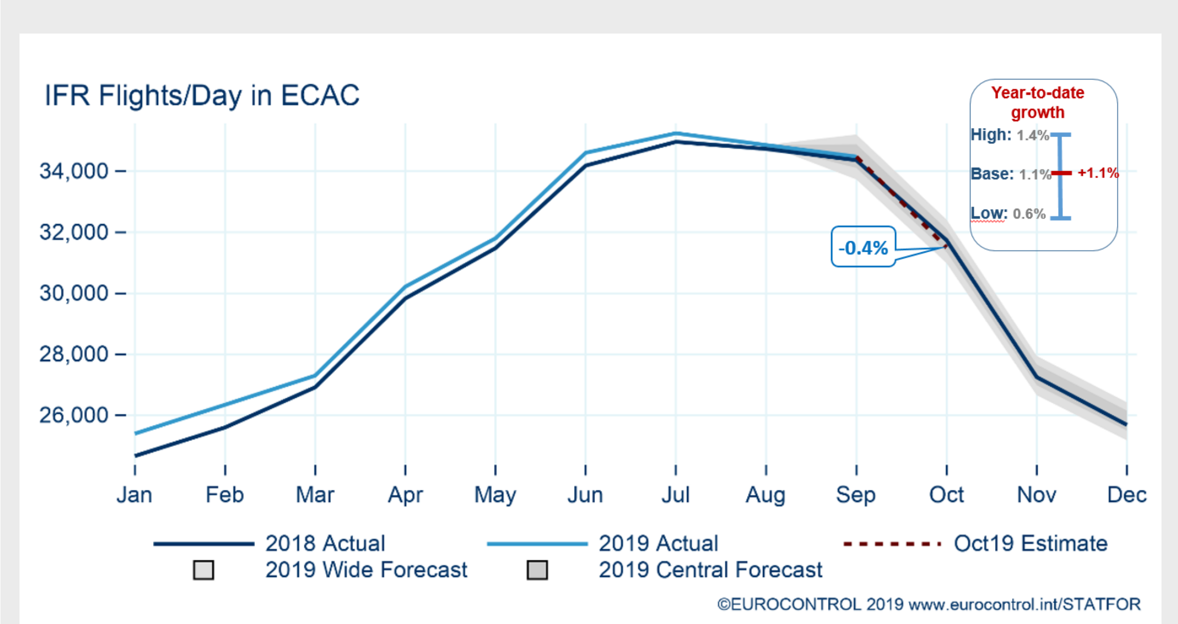

Figure 1: Monthly European Traffic and Forecast (based on the 7-year forecast Autumn 2019)

EUROCONTROL Statistics and Forecasts

September 2019, marked by four airline failures has created an immediate impact on the month's European flight (ECAC – European Civil Aviation Conference area) growth, which recorded a fractional increase of 0.3% compared with September 2018. Thomas Cook's failure on 23 September resulted in circa 1,500 fewer flights for the whole month affecting mostly UK flows to and from Greece, Spain, Turkey and Canary Islands. Aigle Azur's bankruptcy on 6 September led to around 1,000 fewer flights affecting France flows to and from Algeria mainly.

Preliminary data for October show average daily flights down 0.4% on October 2018, Figure 1, consistent with the overall slowdown growth rate, reinforced by four airline failures in September and two industrial actions on 20 and 25 October (EUROCONTROL/STATFOR).

Main contributors to flight growth in Europe

In September 2019, five states contributed more than 50 flights per day (vs September 2018) to the European local traffic growth (excluding overflights) owing mainly to their flows to and from (<->):

1. Turkey <-> Germany, <-> Middle East, <-> Poland, <-> Russian Federation;
2. Italy <-> Germany, <-> Spain, <-> Greece, <-> Egypt;
3. Austria <-> Germany, <-> Netherlands, <-> Turkey, <-> Poland;
4. Spain <-> South Western Europe, <-> Spain (internal flow);
5. Morocco <-> South Western Europe.

Conversely, the main states recording fewer flights owing to their flows to and from (<->) were:

1. Iceland <-> North America, <-> Western Europe (UK, Ireland, Denmark, Netherlands, Germany and Spain);
2. Germany <-> Southern Europe, <-> Bulgaria, <-> UK;
3. Sweden <-> Sweden (internal flow), <-> Southern Europe;
4. UK <-> UK (internal flow), <-> Western Europe, <-> North America.

(Figure 2) (EUROCONTROL/STATFOR).

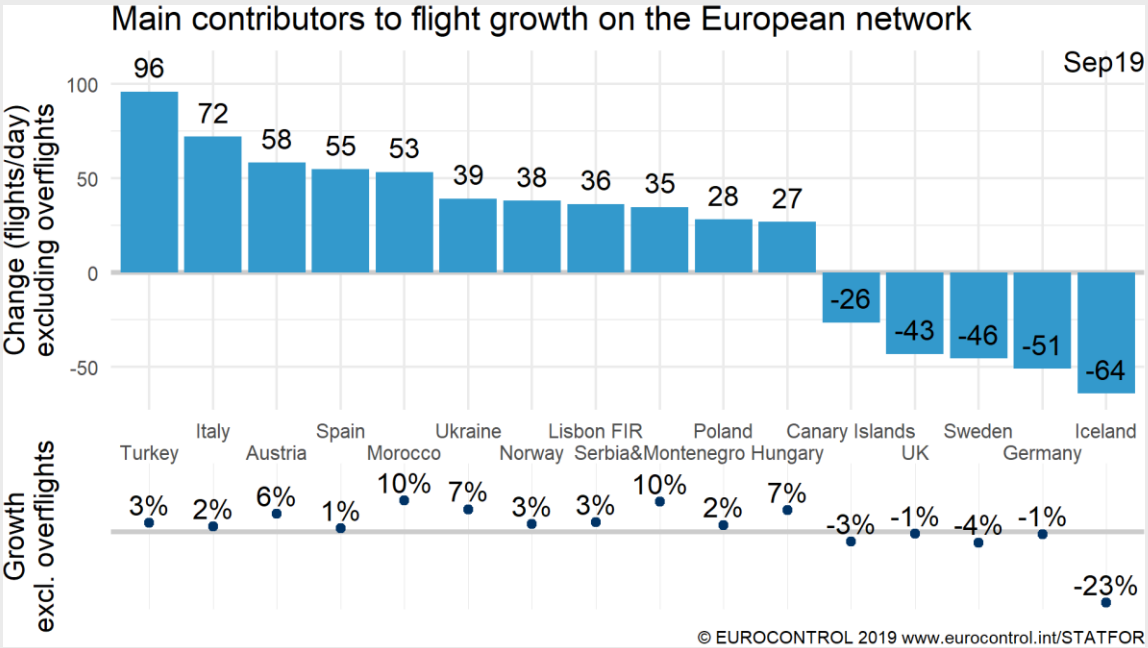

Figure 2: Main changes to traffic on the European network in September.

Outside Europe (ECAC) partners

In September 2019, the top five external partners in average daily flights on flows in both directions (vs. September 2018) were the United States (1,196 flights, down 0.1%), the Russian Federation (1,166 flights, down 2.3%), the United Arab Emirates (332 flights, down 1.3%), Egypt (319 flights, up 13.2%) and Canada (254 flights, down 2.3%) (EUROCONTROL/STATFOR).

Top aircraft operators

The airlines which added the most flights to the European network on a daily basis in September 2019 (vs. September 2018) were by far Ryanair (+158 flights) followed by Loganair (+48 flights), Wizz Air Hungary (+41 flights) and Jet2.com (+30 flights) (EUROCONTROL/STATFOR).

All-causes airline delays

Based on data from airlines for delays from all-causes, the average delay per flight on departure in September 2019 was 14.4 minutes per flight, this was a decrease of 0.4 minutes compared with September 2018 when the average delay per flight was 14.7 minutes. Analysis of the delay causes shows that reactionary delay contributed 6.8 minutes to the average delay per flight in September 2019. Regarding arrivals, the average delay per flight on arrival was 13.0 minutes per flight, a decrease of 0.5 minutes per flight (vs. September 2018). In September 2019, 24.7% of the flights arrived within the 5 minutes threshold before or after the scheduled arrival time, an increase of 1.4 points from 23.3% compared to previous year (EUROCONTROL/CODA).

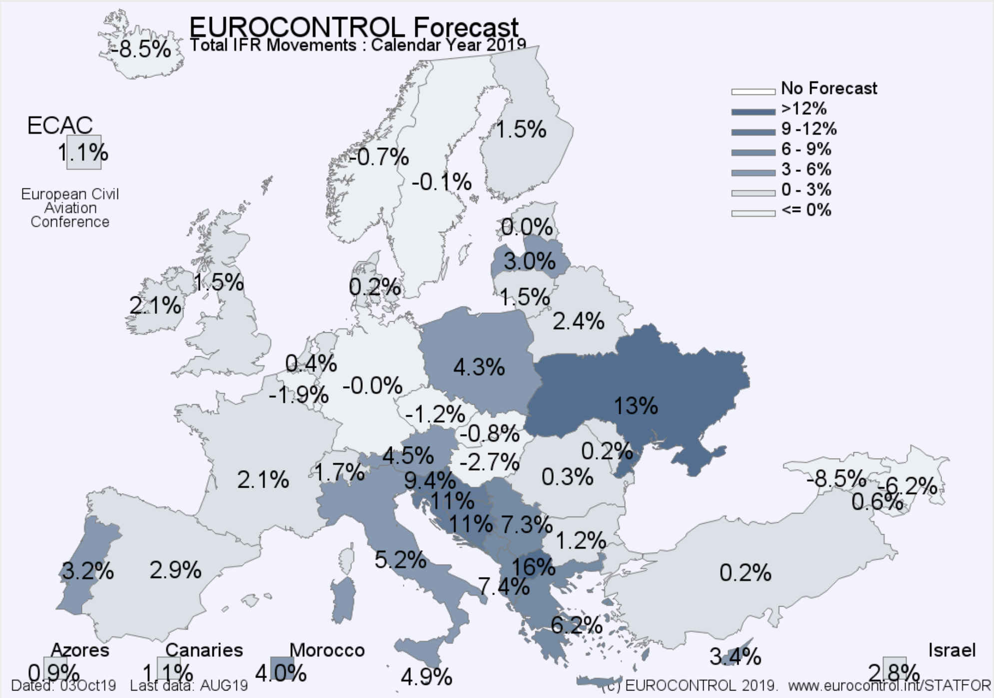

Figure 3: Flight forecast detail for 2019 in Europe.

Forecast of flight movements in 2019 (Autumn update)

The updated Seven-Year Forecast of Flight Movements 2019-2025 (Autumn 2019) is for 1.1% more flights for Europe (ECAC area) in terms of IFR movements in 2019 (detail per state in Figure 3). Following a weaker than expected economic outlook, the ongoing trade wars and Brexit uncertainties, the grounding of the B737 MAX aircraft and operational initiatives from airlines (additional standby aircraft), traffic has been following the low-scenario of the February forecast. The update subsequently shows a downward revision (-1.7 pp) compared with the February version (EUROCONTROL/STATFOR).

Other Statistics and Forecasts

IATA reported that European scheduled passenger traffic (RPK) increased by 3.6% in August 2019 (vs. August 2018). Total capacity grew 3.3% while the load factor surged to 88.9% and was the highest worldwide (IATA, 10 October).

ACI Europe reported that overall passenger counts at European airports increased by 3.4% in August 2019 (vs. August 2018) from 5.1% in August last year. Overall aircraft movements rose by 1.4% (ACI Europe, 10 October).

Passenger airlines

Traffic Statistics for September

Figure 4 and Figure 5 compare September 2019 figures with September 2018 figures for the main European carrier groups (with the exception of easyJet which now only reports passenger statistics within its quarterly reports). In addition to the number of passengers (PAX), passenger capacity is measured in available seat kilometers (ASK), traffic is measured in revenue passenger kilometers (RPK) and load factor as a percentage (%).

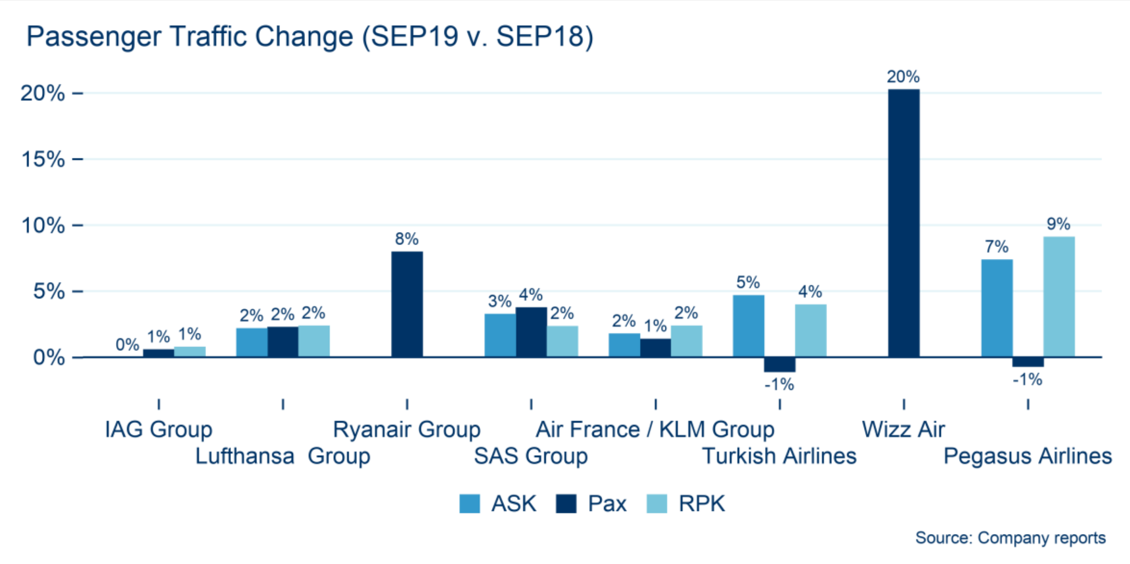

Figure 4: Main carriers' traffic statistics.

Capacity, routes, alliances, cost, jobs

Ryanair announced the opening of new Toulouse base stationing two aircraft and summer 2020 schedule, including 13 new routes connecting Toulouse to Athens, Brest, Budapest, Dublin, Lille, Luxembourg, Marseille, Oujda, Palermo, Palma, Porto, Tangier and Valencia (Ryanair, 27 September).

Ryanair announced its UK summer 2020 schedule with 5 new routes, 9 new summer services and increase in flight frequency of 46 existing routes.
New routes as follows: Edinburgh to Bydgoszcz (PL); Manchester to Pisa; Stansted to Cluj (RO), Kosice (SK) & Terceira (PT).
New summer services: Exeter to Alicante; Edinburgh to Bucharest; London Stansted to Dresden and Essaouira (MA); London Luton to Krakow and Seville; Manchester to Katowice (PL), Milan Malpensa and Prague (Ryanair, 1 October).

Ryanair will launch new routes to Armenia as follows: two new routes from Yerevan to Milan Bergamo and Rome Ciampino, effective January 2020; two new summer routes from Yerevan to Berlin Schönefeld and Gyumri to Memmingen (Ryanair, 16 October).

SAS' summer 2020 schedule includes launching of several new direct routes, increasing the frequency of flights to southern Europe and making Stockholm to Luxembourg and Oslo to Kyiv year-round destinations. The new routes are as follows: Copenhagen to Bari (IT), Tivat (ME), Zadar (HR), Rhodes (GR); Aarhus to Alicante, Chania (GR); Oslo to Valencia; Bergen to Barcelona; Haugesund (NO) to Copenhagen (SAS, 30 September).

Wizz Air will add new Airbus A320 in Iasi (RO) and will introduce six new services to Barcelona, Bari, Berlin Schönefeld, London Southend, Turin and Verona, effective August 2020 (Wizz Air, 3 October).

Starting from 29 March, Norwegian will increase the weekly service frequency between London Gatwick and San Francisco, Austin, Denver and Tampa (US) (Norwegian, 11 October).

Loganair will launch four new routes from Cornwall Airport Newquay (UK) to Newcastle, Aberdeen, Glasgow and Norwich, effective spring 2020 (Loganair, 3 October).

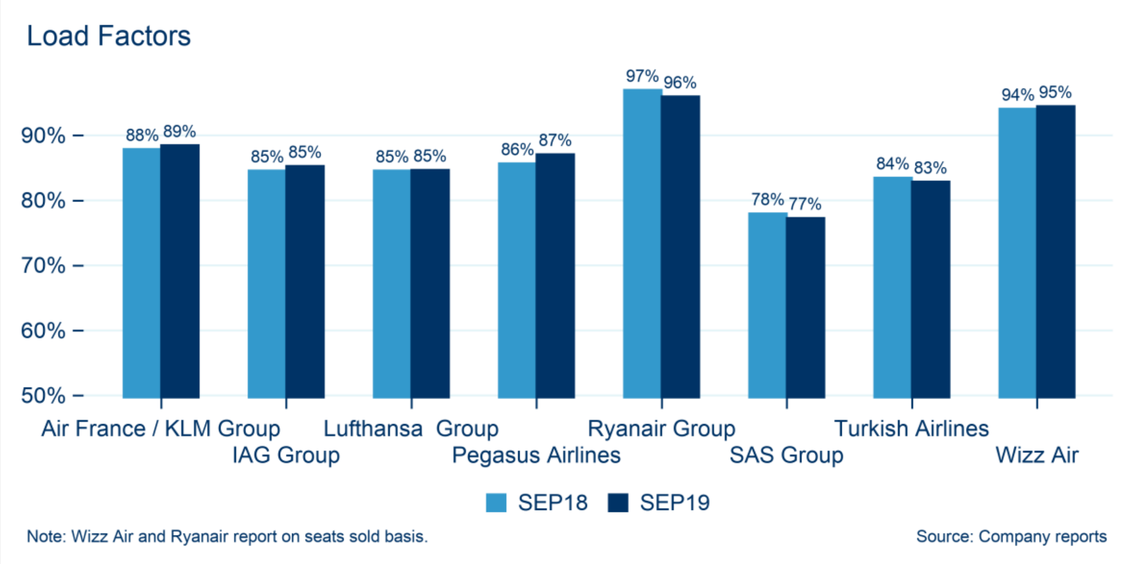

Figure 5: Main carriers' load factors.

For the 2019-2020 winter season, Air France-KLM will increase its capacity by 2.5% compared to the same period previous year, and is launching 32 new routes. The long-haul network will rise by 4%; medium- and short-haul networks will decrease by 2% and the Group will offer 10 new routes; Transavia's capacity will decline by 1.9% and the carrier will introduce 17 new routes (Air France-KLM Group, 24 October).

From summer 2020, Air France will start operating to four new destinations: Faro, Alicante, Malaga and Valencia (Air France, 22 October).

As part of summer 2020 schedule, Volotea will operate to a total of 14 destinations from its Athens base and will introduce four new routes from Athens to Marseille, Lyon, Cagliari (IT) and Split (Volotea, October).

Air France, KLM and China Eastern signed extension of the existing joint venture with the addition of Virgin Atlantic. Starting from spring 2020, the cooperation will offer greater choice of flights and itineraries between Europe and China (Air France-KLM Group, 16 October).

Norwegian and JetBlue have signed a Letter of Intent for an interline agreement, which is expected to launch in early summer 2020 (Norwegian, 17 October).

After Loganair took over few of Flybe's routes, see Industry Monitor 212, the UK carriers announced a new co-operation agreement that offers over 100 new connections throughout the UK and Europe (Loganair, 18 October).

Austrian Airlines and Eurowings announced reinforcement of their cooperation and repositioning in Austria. Austrian Airlines will be responsible for network planning at the Vienna hub, while Eurowings will handle the decentralised traffic. Effective January 2020, Eurowings will deploy four aircraft including crews in wet lease for Austrian Airlines. Eurowings will expand its capacity in Salzburg and will increase to three Airbus A319 aircraft based in Innsbruck (Austrian Airlines, 27 September).

Finnair and Fiji Airways announced a new codeshare partnership between Helsinki and Fiji's main transportation hub Nadi via three gateways served by Finnair, effective 27 October (Fiji Airways, 17 October).

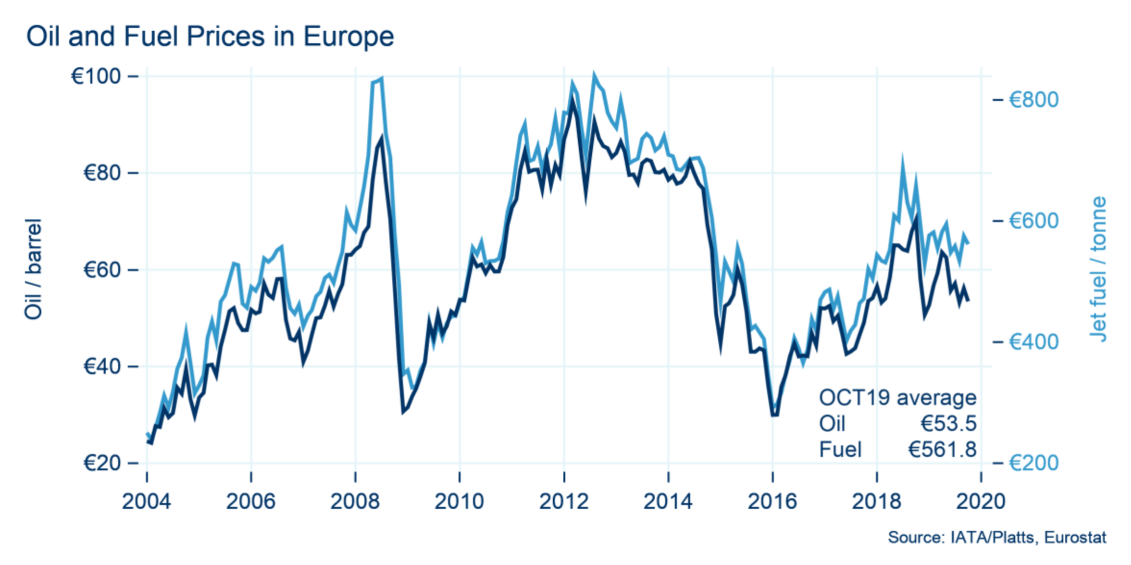

Figure 6: Oil and jet fuel prices.

KLM and Gulf Air, the national carrier of Kingdom of Bahrain, signed a codeshare partnership, entering into force at 27 October (KLM, 28 October).

On 22 October, the restrictions on flights between Sharm El-Sheikh Airport (EG) and the UK have been lifted by the UK Government. Services from the UK were stopped in October 2015 after 224 people died in the bombing of MetroJet Flight 9268 (Russian Federation airline) (GOV.UK, 22 October).

Oil

Oil prices dropped to €53.5 per barrel in October from €56 in September. For the first nine months of 2019 oil prices averaged €57.5 per barrel and were down 6% on the year ago period. Converted indices for oil and jet fuel prices are shown in Figure 6. Oil prices have fallen on the ground that Saudi Arabia has fully restored oil production after the September attack and concerns about oil demand based on the condition of the global economy rose (EIA, 8 October).

Cargo

IATA reported decline for fifth consecutive month in European freight demand, marking -3.3% for August 2019 compared to August 2018. The decrease is attributable to continuing Brexit concerns along with Germany's decline in manufacturing activity and exports. Capacity (AFTK) rose by 3.3% whereas the total freight load factor declined by 3.3% year-on-year (IATA, 9 October).

ACI Europe reported freight traffic decline by -4% in August 2019 vs same period 2018. Meanwhile aircraft movements only rose by +1.4%, reflecting continued grounding of Boeing 737 MAX and airlines limiting capacity expansion (ACI Europe, 10 October).

Airports

On 19 October, Remote Tower Centre in Bodø, Norway successfully guided its first commercial passenger flight to Røst airport in Norway. The project is a collaboration between the ANSP Avinor, Kongsberg Defence & Aerospace and Indra (Avinor, 19 October).

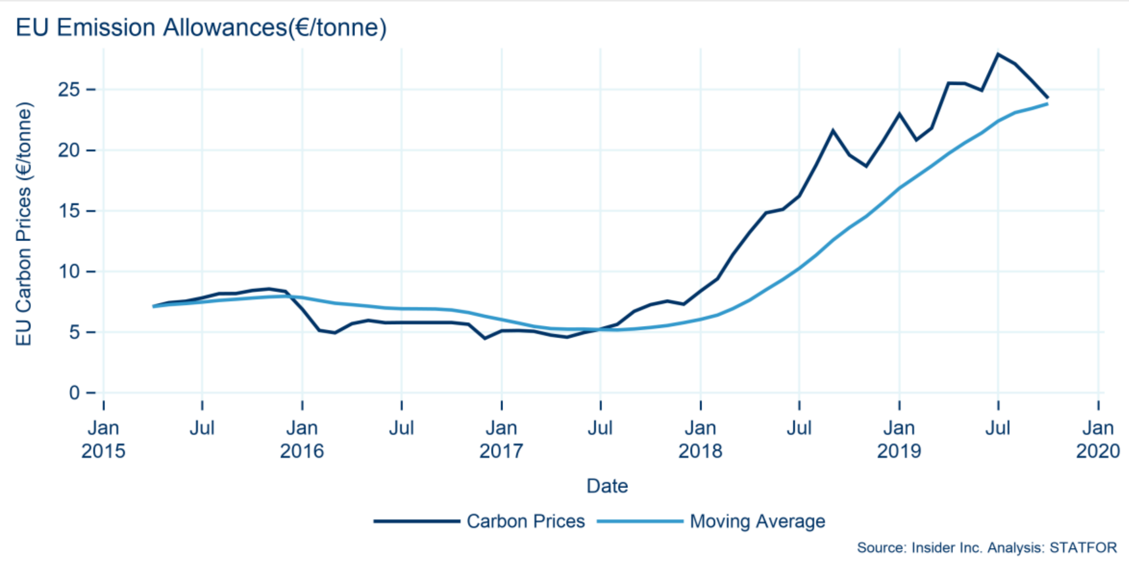

Figure 7: EU carbon prices (European CO_2 Emissions Allowances).

Aircraft Manufacturing

Airbus reported 571 aircraft deliveries during the first nine months of 2019 (up 14% on the year-ago period) of which 455 single aisle aircraft, 34 A330 aircraft, 77 A350 aircraft and 5 A380 aircraft. Airbus recorded net commercial orders for 127 aircraft (Airbus, October).

Boeing reported 301 aircraft deliveries during the first nine months of 2019 (down by 47% on the year-ago period) of which 118 B737 aircraft, 5 B747 aircraft, 32 B767 aircraft, 33 B777 aircraft and 113 B787 aircraft. The manufacturer recorded 169 commercial orders. EUROCONTROL published its latest analysis on the effects on the network of the B737 MAX grounding, see Think Paper #5. Subsequently, Ryanair announced plans to receive only 20 B737 MAX (previously 58) in time for summer 2020 (Boeing, 8 October & Ryanair, 1 November).

Environment

EU carbon prices (European CO_2 Emissions Allowances) averaged €24/tonne in October 2019 compared with €20/tonne in October 2018. This was close to the trend (12-month trailing average) shown in Figure 7. For the first nine months of the year, they averaged €25/tonne, up 79% on the year-ago period (Insider Inc., October).

As of 16 October, SWISS and SBB (Swiss Federal Railways) offer a new ‘Flugzug’ rail service 14 times per day between Lugano Station and Zurich Airport. Further expansion is expected to main Swiss cities in the coming year (SWISS, 7 & 28 October).

Lufthansa and DB (Deutsche Bahn) will expand the Express Rail routes from Cologne, Düsseldorf, Stuttgart, Aachen and Ulm to Frankfurt Airport, effective mid-December (Lufthansa, 23 October).

Air France initiatives implemented since 2011 have reduced CO_2 emissions by nearly 400,000 tonnes per year. The ‘Air France Horizon 2030’ presents the current and future initiatives of the airline, including:

- Full CO_2 emissions offsetting on all domestic flights (~450 flights per day) through participation in certified projects, effective January 2020;
- Modernisation of the whole fleet and reducing its age from 13.5 to 10 years by 2030;
- Reduction to 3 litres of fuel consumption per passenger per 100 km by 2030 (Air France, 1 October).

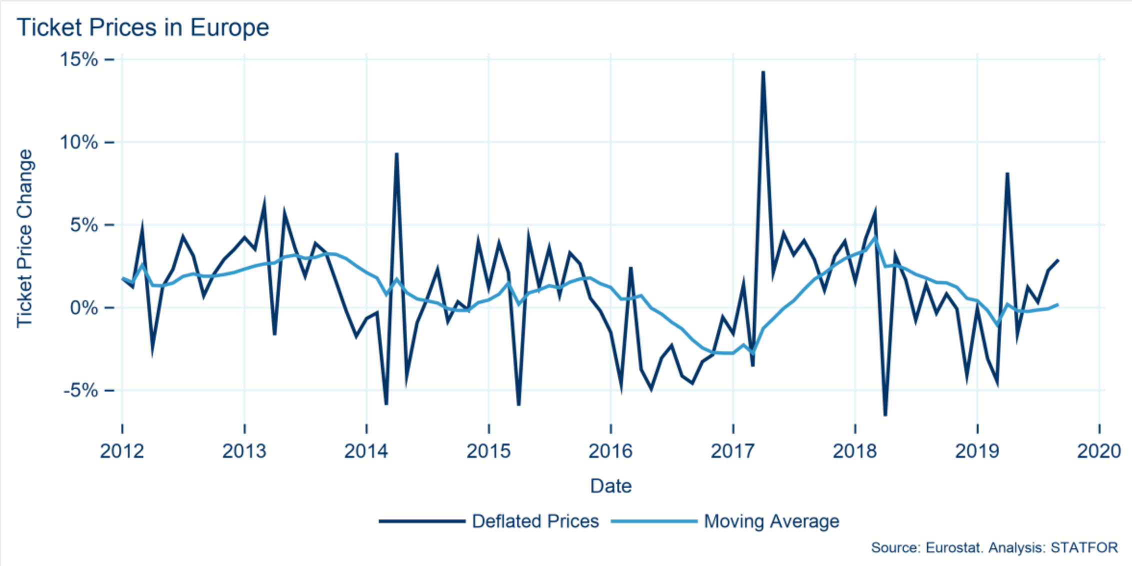

Figure 8: Deflated ticket prices in Europe.

IAG committed to achieve net zero carbon emissions by 2050 through various initiatives, including:

- British Airways investment in carbon offsetting projects equivalent to the emissions produced from domestic flights, effective January 2020;
- Replacement of older IAG's fleet with 142 new aircraft over the next five years;
- British Airways and Velocys will build the first European household waste to jet fuel plant, see Industry Monitor 211 (IAG, 10 October).

Norwegian announced a 30% reduction of CO_2 emissions since 2008 and it will implement a new fuel efficiency tool 'SkyBreathe', which analyses the entire flight operations and proposes the best practices to reduce the fuel burnt. The tool was in 6-month testing period from carrier's pilots and is expected to reduce emissions up to 140,000 tonnes per year after the implementation (Norwegian, 23 October).

Lilium Jet announced the completion of the first phase of flight testing for its new electric vertical take-off and landing (eVTOL) aircraft, where the aircraft transitioned from vertical to horizontal cruise flight. The trials started in May, when the emissions-free aircraft prototype flew at speed exceeding 100 km/h and achieved a variety of complex manoeuvres. Commercial air-taxi operations are expected to start in 2025 (Lilium, 22 October).

Unmanned Aircraft Systems (UAS)

On 10 October, EASA published the Acceptable Means of Compliance (AMC) and Guidance materials (GM) for the Regulation on UAS operations in the 'open' and 'specific' category. It will support UAS operators and Member States in complying with the adopted Commission Implementing Regulation (EU) 2019/947 (EASA, 16 October).

Fares

Ticket prices in Europe increased by 2.9% in September 2019 year-over-year from 2.2% in August, based on preliminary values. This was above the trend (12-month trailing average) which reports stable ticket prices (see Figure 8). For the first nine months of 2019, airline tickets were 0.6% more expensive than the year-ago period (Eurostat, 16 October).

Supporting European Aviation

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