

Appendix A: Alternative Forecast Scenarios

Uncertainty exists in all industries, but especially in the commercial air travel industry. As volatility in the global environment has increased, the importance of scenarios for planning purposes has increased. To help stakeholders better prepare for the future, FAA provides alternative scenarios to the baseline forecasts of airline traffic and capacity.

To create the baseline domestic forecast, economic assumptions from S&P Global’s November 2025 30-year U.S. Macro Baseline were used. To develop the alternative scenarios, assumptions from S&P Global’s 30-year optimistic and pessimistic forecasts from their August 2025 *U.S. Economic Outlook* were utilized. Inputs from these alternative scenarios were used to create “Optimistic” and “Pessimistic” traffic, capacity, and yield forecasts.

International passengers and traffic are primarily driven by country specific Gross Domestic Product (GDP) forecasts provided by S&P Global. Thus, the alternative scenarios use inputs based on ratios derived from S&P Global’s Major Trading Partner and Other Important Trading Partners optimistic and pessimistic forecasts to create high and low cases.

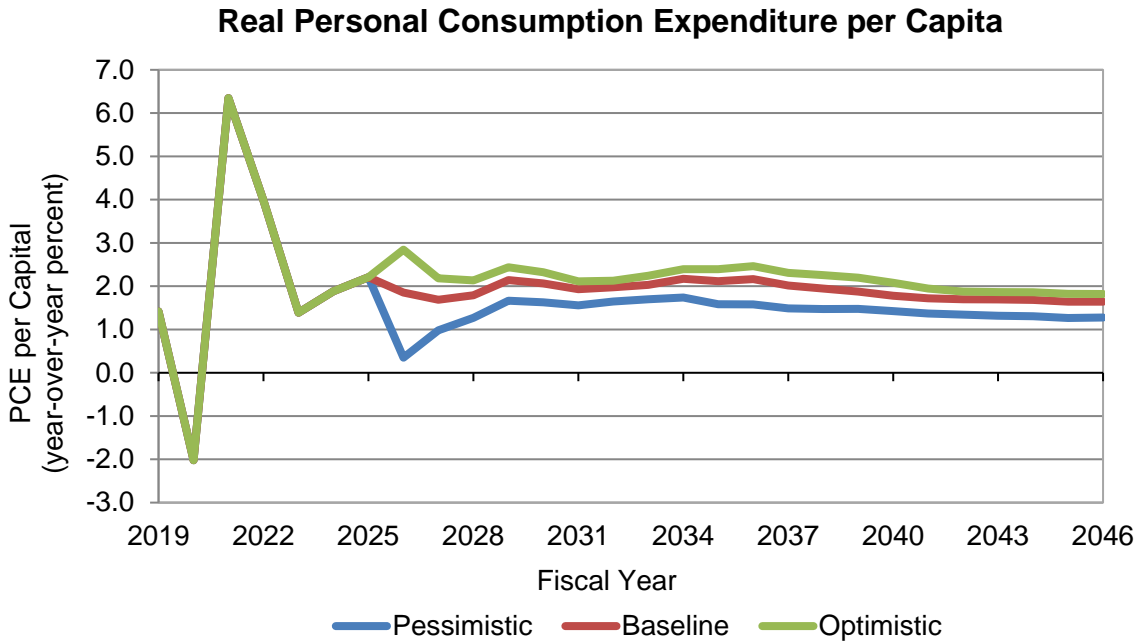
Scenario Assumptions

FAA’s domestic baseline forecast assumes growth slightly above trend in 2026 and 2027 followed by a slowdown in 2028. GDP growth in 2026 comes in at 2.1 percent but drops to 1.6 percent in 2028, somewhat below its long-term potential rate. The below-trend rate in the medium term causes the unemployment rate to rise and peak at 4.6 percent in 2028. Slower growth and higher unemployment contribute to tamp down inflation, and the Federal Reserve can begin lowering interest rates. By the end of the decade, slowing population growth restrains potential GDP growth, and the economy stabilizes with GDP growth at 1.8 percent and unemployment at 4.3 percent. Crude oil prices bottom out at \$57 in 2026 before gradually rising throughout the remainder of the forecast. With increasing global demand, the oil price rises to \$108 per barrel at the end of the forecast.

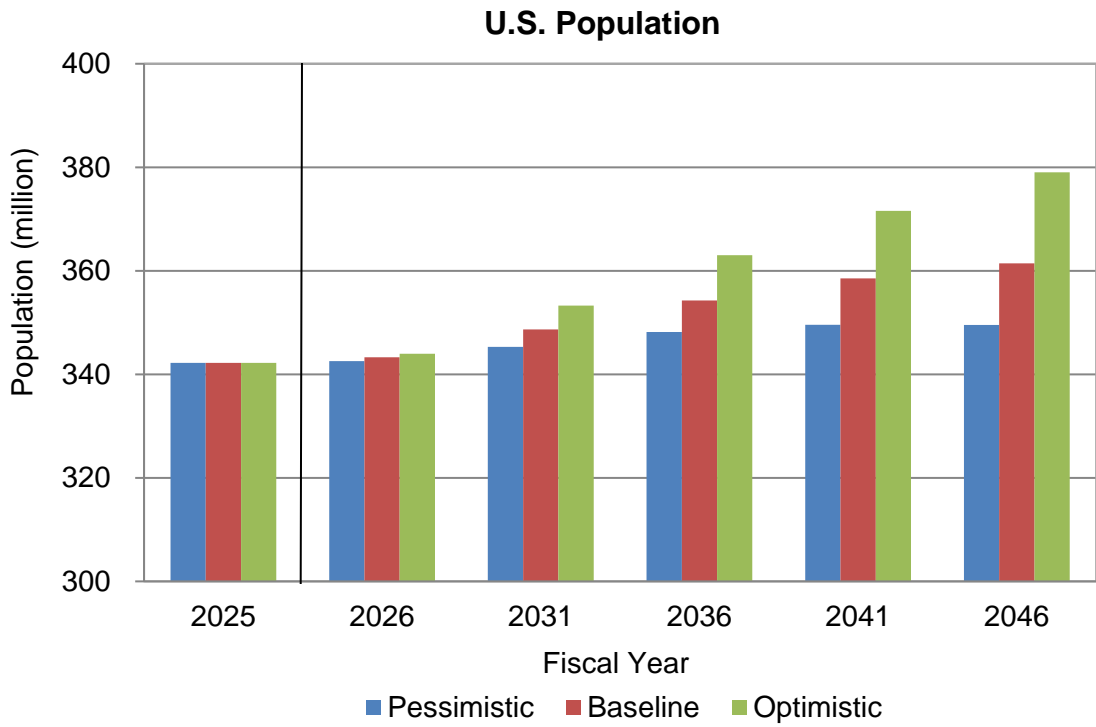
FAA’s high case forecast draws from S&P Global’s optimistic forecast. Near-term differences from the baseline include GDP growth of 3.3 percent in 2026 compared to 2.1 percent in the baseline, driven mainly by stronger consumer spending. Consumer spending in 2026 grows 3.4 percent before moderating to 2.7 percent in 2027, versus 2.2 percent and 2.0 percent in the base forecast. The unemployment rate still rises but peaks about 0.3 percent lower than in the baseline. Oil prices in this scenario rise only to \$83 per barrel in 2046.

FAA Aerospace Forecast Fiscal Years 2026–2046

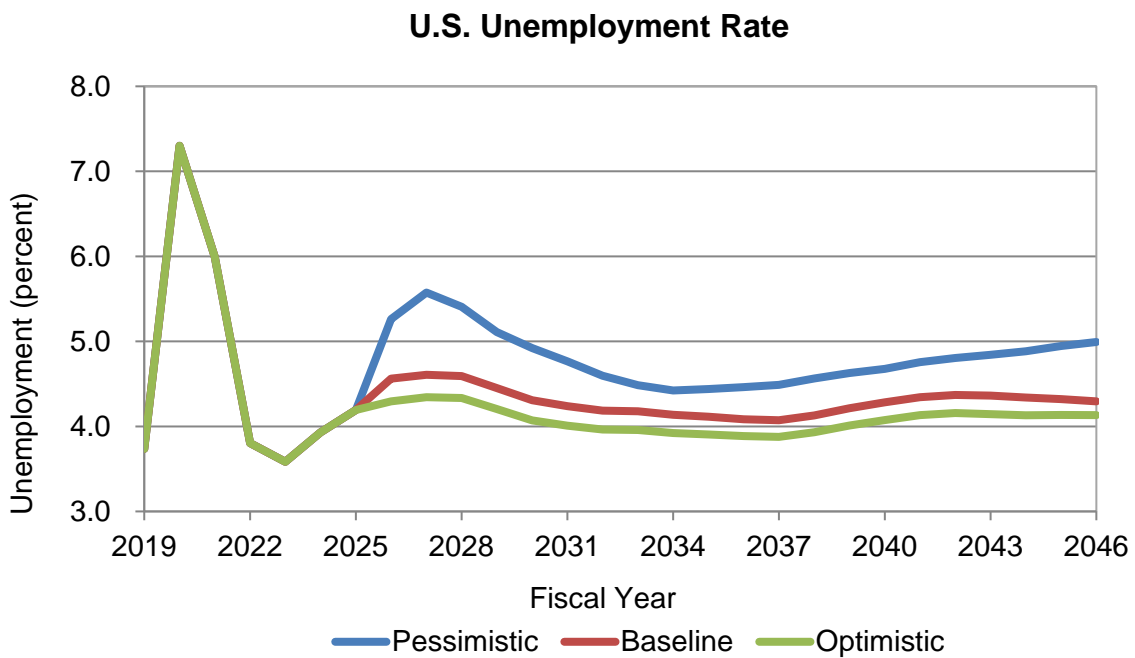
Conversely, FAA’s low case forecast relies on S&P Global’s pessimistic scenario. GDP growth is flat in 2026 compared to an increase of 2.1 percent in the baseline while consumption grows a meager 0.5 percent compared to the baseline’s increase of 2.2 percent. Over the forecast horizon, average GDP growth is about six tenths slower than in the baseline. Oil prices rise sharply throughout the forecast to end at \$195 in 2046 -- 81.0 percent higher than the baseline. The unemployment rate peaks in 2027 at 5.6 percent, a full percentage point higher than the baseline’s peak. It remains elevated by about half a percentage point through the end of the forecast.



Source: S&P Global, APO-100

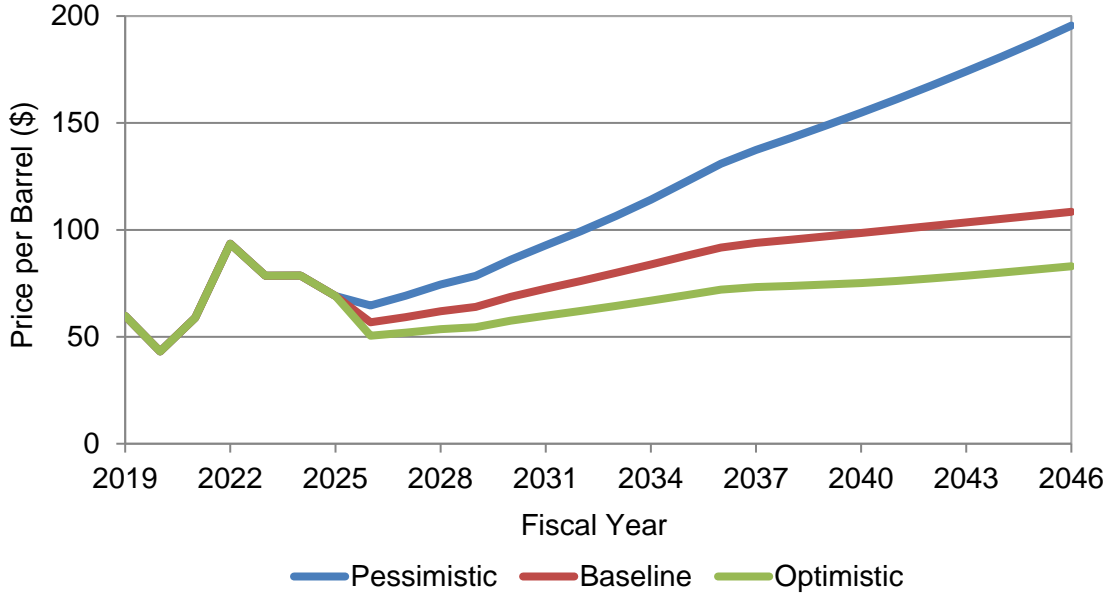


Source: S&P Global, APO-100



Source: S&P Global, APO-100

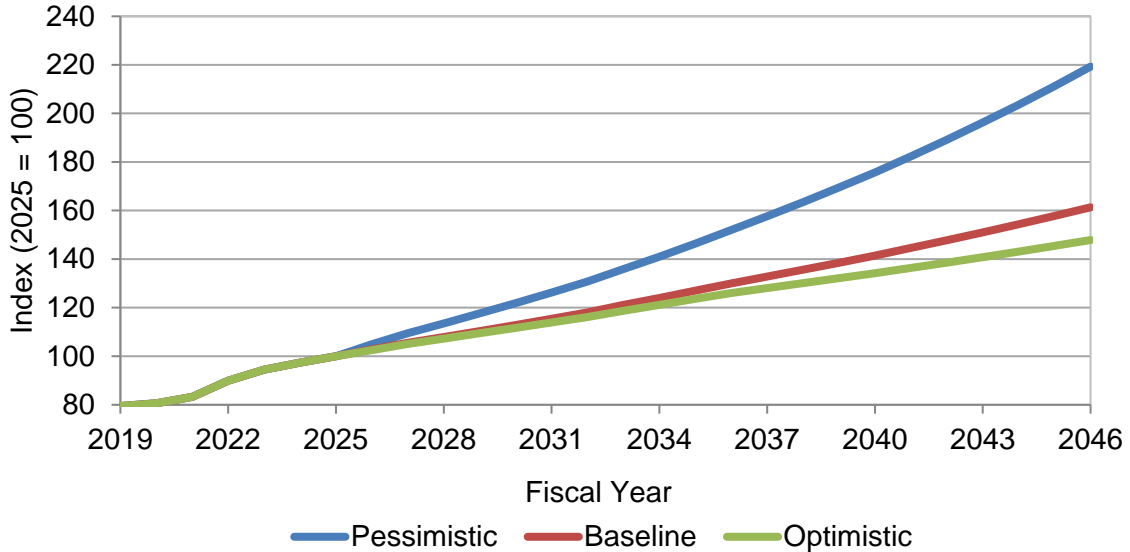
U.S. Refiners' Acquisition Cost



Source: S&P Global, APO-100

The price of energy is one of the drivers in the growth of consumer prices over the forecast period. In the optimistic case, slow growth of energy prices and import prices counteracts faster growth of other consumer goods prices, causing the optimistic CPI to rise somewhat slower than the baseline. In the pessimistic case, energy prices, wages and import prices all rise more rapidly compared to the baseline.

Consumer Price Index - All Urban Consumers



Source: S&P Global, APO-100

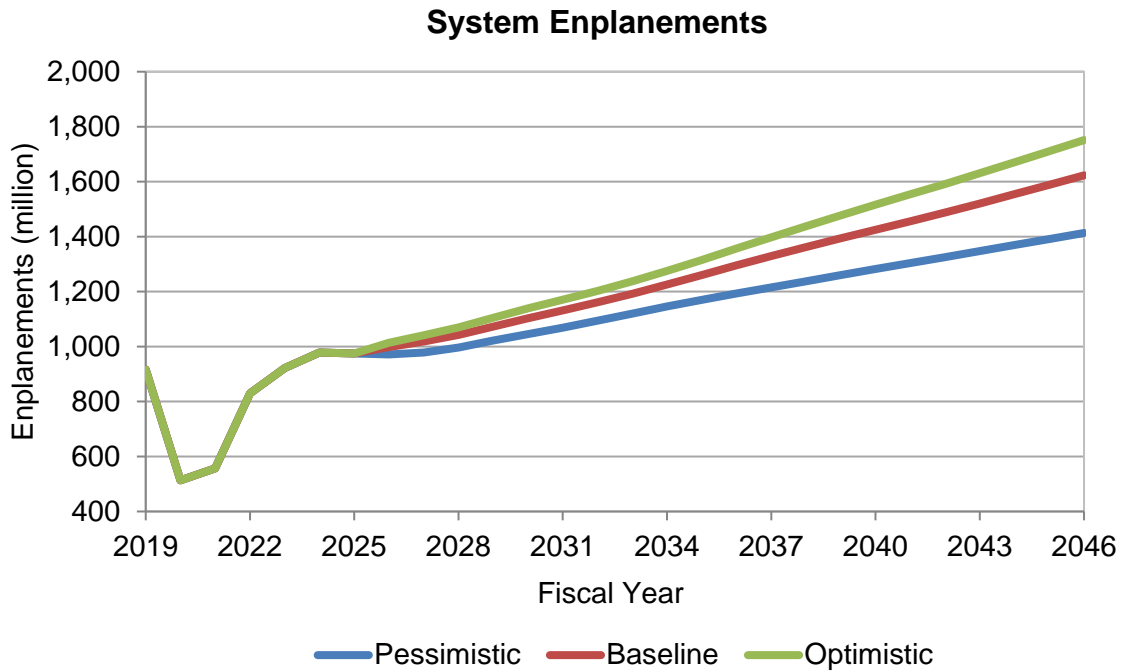
Alternative Forecasts

Enplanements

In the baseline forecast, system enplanements are forecast to grow at an average annual rate of 2.5 percent a year over the forecast horizon of 2025-2046 (with domestic and international passengers increasing at rates of 2.4 and 2.8 percent, respectively).

In the optimistic case, enplanements grow at a slightly quicker pace, averaging 2.8 percent per year (up 2.8 percent domestically and 2.9 percent internationally). This scenario is marked by a more favorable business environment and lower fuel prices which make the price of flying more affordable to business and leisure travelers. By the end of the forecast period in 2046, system passengers in the optimistic case are 8.0 percent above the baseline, totaling 1.8 billion, 128 million greater than in the baseline.

The pessimistic case is characterized by a period of weakened consumer spending combined with high inflation, leading to higher interest rates, and curtailed investment. In this scenario, enplanements grow an average of 1.8 percent per year (domestic up 1.7 percent and international up 2.5 percent). In the pessimistic case, system passengers in 2046 are 13 percent below the baseline case, totaling 1.4 billion, or 210 million fewer than in the baseline.

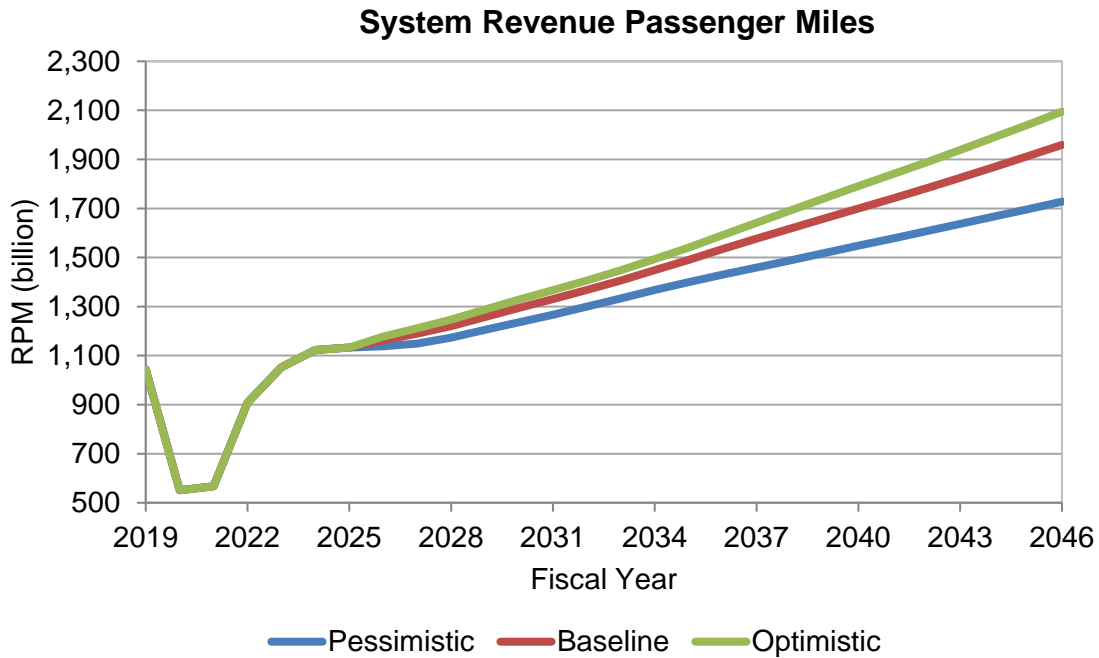


Revenue Passenger Miles

In the baseline forecast, system RPMs grow at an average annual rate of 2.6 percent a year over the forecast horizon (2025-2046), with domestic RPMs increasing 2.7 percent annually and international RPMs growing 2.6 percent annually.

In the optimistic case, the faster growing economy coupled with lower energy prices drives RPMs higher than the baseline, with growth averaging 3.0 percent per year (domestic and international RPMs up 3.1 and 2.7 percent, respectively).

In the pessimistic case, the combination of a slower growing economy and higher energy prices result in RPM growth averaging 2.0 percent annually with domestic markets growing 1.9 percent a year while international traffic grows 2.2 percent annually.

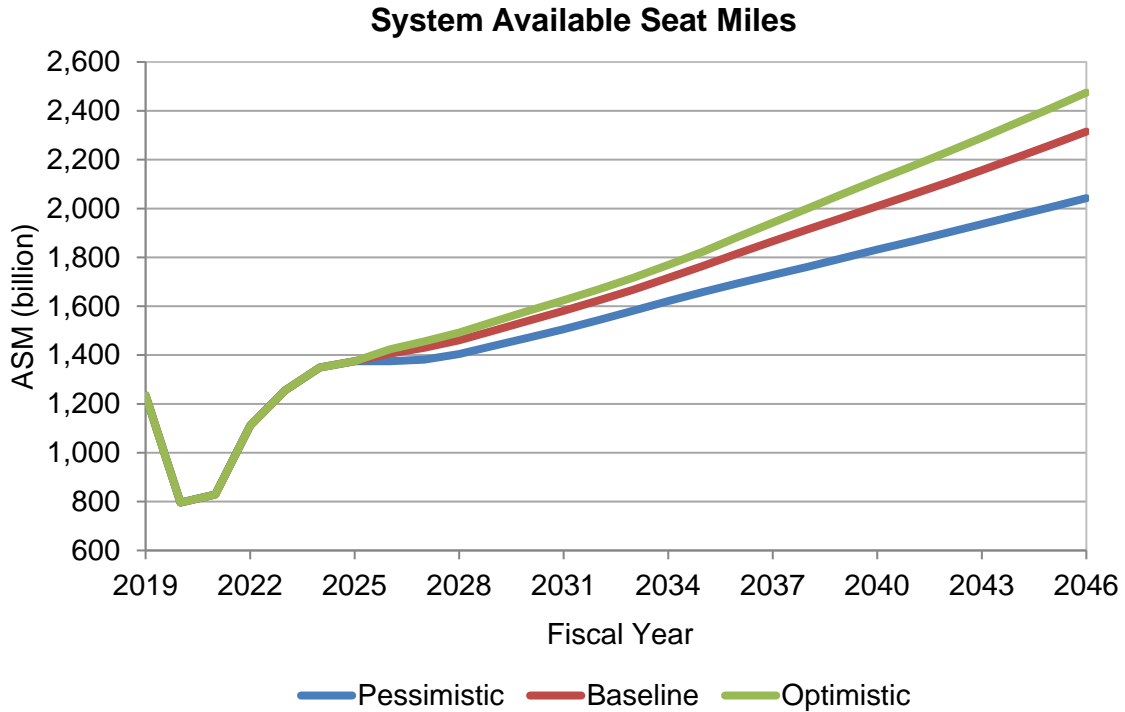


Available Seat Miles

In the base case, system capacity is forecast to increase an average of 2.5 percent annually over the forecast horizon with growth averaging 2.5 percent annually in domestic markets and 2.6 percent a year in international markets.

In the optimistic case, capacity grows somewhat faster than in the baseline forecast, averaging 2.8 percent annually system-wide (2.9 and 2.7 percent for domestic and international markets, respectively). Carriers increase capacity compared to the baseline forecast to accommodate increased travel demand brought about by a more favorable economic environment.

In the pessimistic case, demand for air travel is lower than in the baseline, thus system capacity grows at a slower pace of 1.9 percent annually (domestic growth of 1.8 percent annually and international up 2.2 percent annually).



Load Factor

System load factors over the 20-year forecast period are similar for all three forecast scenarios. System load factor rises from 82.4 percent in 2025 to 84.7 percent (optimistic), 84.6 percent (pessimistic), and 84.6 percent (baseline) in 2046. In all three scenarios it is assumed that carriers will keep load factors on the high side by actively managing capacity (seats) to more precisely meet demand (passengers).

The domestic load factor increases over the forecast horizon from 82.2 percent to 85.3 percent in the baseline, optimistic, and pessimistic scenarios.

The international load factor rises in the baseline from 82.8 percent to 82.9 percent in all three scenarios. This reflects in part the relative growth in demand in the three (Atlantic, Latin, and Pacific) international regions and carriers’ ability to manage capacity.

Yield

In the baseline forecast, nominal system yield increases 1.7 percent annually, rising from 16.19 cents in 2025 to 22.97 cents in 2046. In domestic markets, yield in the baseline forecast rises from 16.16 cents in 2025 to 23.10 cents in 2046. International yield rises from 16.27 cents in 2025 to 22.66 cents in 2046.

System yield rises in the optimistic case at a slower rate than in the baseline, up 1.3 percent annually to 21.03 cents in 2046. Domestic yield increases to 21.66 cents while international yield increases to 20.87 cents. The moderate growth in yield in both cases is due to advancements in technology, gains in productivity, and modestly rising fuel and other costs.

In the pessimistic case, nominal yields rise more rapidly than in the baseline, growing an average of 3.0 percent annually, reaching 30.32 cents by 2046 (32.10 cents domestically and 26.21 cents internationally). This scenario reflects higher general domestic inflation and markedly higher energy prices than in the baseline, forcing carriers to increase fares to cover the higher costs of fuel, labor, and capital.

FAA Aerospace Forecast Fiscal Years 2026–2046

TABLE A-1

FAA FORECAST ECONOMIC ASSUMPTIONS

FISCAL YEARS 2025-2046

Variable	Scenario	Historical	FORECAST					PERCENT AVERAGE ANNUAL GROWTH				
		2025E	2026	2031	2036	2041	2046	2025-26	2026-31	2026-36	2026-41	2026-46
Economic Assumptions												
Real Personal Consumption	Pessimistic	47,975	48,143	51,661	56,063	60,236	64,260	0.4%	1.4%	1.5%	1.5%	1.5%
Expenditure per Capita (2017 \$)	Baseline	47,975	48,865	53,746	59,607	65,384	71,037	1.9%	1.9%	2.0%	2.0%	1.9%
	Optimistic	47,975	49,339	55,113	61,821	68,783	75,382	2.8%	2.2%	2.3%	2.2%	2.1%
Refiners Acquisition Cost - Average - \$ Per Barrel	Pessimistic	69.1	64.6	92.8	131.0	161.0	195.5	-6.4%	7.5%	7.3%	6.3%	5.7%
	Baseline	69.1	56.8	72.5	91.7	100.2	108.5	-17.8%	5.0%	4.9%	3.9%	3.3%
	Optimistic	69.1	50.5	59.9	72.1	76.1	83.0	-26.9%	3.5%	3.6%	2.8%	2.5%
Consumer Price Index All Urban, 1982-84 = 1	Pessimistic	3.00	3.17	3.82	4.60	5.51	6.63	5.8%	3.8%	3.8%	3.7%	3.8%
	Baseline	3.00	3.08	3.46	3.90	4.34	4.84	2.8%	2.3%	2.4%	2.3%	2.3%
	Optimistic	3.00	3.10	3.44	3.81	4.12	4.47	3.3%	2.1%	2.1%	1.9%	1.8%
Civilian Unemployment Rate (%)	Pessimistic	4.2	5.3	4.8	4.5	4.8	5.0	25.5%	-2.0%	-1.6%	-0.7%	-0.3%
	Baseline	4.2	4.6	4.2	4.1	4.3	4.3	8.8%	-1.5%	-1.1%	-0.3%	-0.3%
	Optimistic	4.2	4.3	4.0	3.9	4.1	4.1	2.4%	-1.4%	-1.0%	-0.3%	-0.2%
Source: S&P Global; APO-100 calculations												

FAA Aerospace Forecast Fiscal Years 2026–2046

TABLE A-2

FAA FORECAST OF AVIATION ACTIVITY*

FISCAL YEARS 2025-2046

Variable	Scenario	Historical	FORECAST					PERCENT AVERAGE ANNUAL GROWTH				
		2025E	2026	2031	2036	2041	2046	2025-26	2026-31	2026-36	2026-41	2026-46
System Aviation Activity												
Available Seat Miles (BIL)	Pessimistic	1,375.0	1,374.8	1,505.8	1,693.6	1,865.8	2,042.5	0.0%	1.8%	2.1%	2.1%	2.0%
	Baseline	1,375.0	1,405.3	1,581.0	1,816.5	2,057.2	2,315.0	2.2%	2.4%	2.6%	2.6%	2.5%
	Optimistic	1,375.0	1,423.3	1,624.3	1,883.5	2,173.6	2,474.6	3.5%	2.7%	2.8%	2.9%	2.8%
Revenue Passenger Miles (BIL)	Pessimistic	1,132.7	1,137.8	1,266.7	1,430.0	1,577.3	1,727.8	0.5%	2.2%	2.3%	2.2%	2.1%
	Baseline	1,132.7	1,163.0	1,330.2	1,534.4	1,739.9	1,959.2	2.7%	2.7%	2.8%	2.7%	2.6%
	Optimistic	1,132.7	1,178.0	1,366.9	1,591.6	1,839.0	2,095.0	4.0%	3.0%	3.1%	3.0%	2.9%
Enplanements (MIL)	Pessimistic	974.9	971.4	1,068.7	1,193.2	1,303.6	1,413.3	-0.4%	1.9%	2.1%	2.0%	1.9%
	Baseline	974.9	998.1	1,131.4	1,295.4	1,455.7	1,622.9	2.4%	2.5%	2.6%	2.5%	2.5%
	Optimistic	974.9	1,014.0	1,170.4	1,356.8	1,553.9	1,751.2	4.0%	2.9%	3.0%	2.9%	2.8%
Psgr Carrier Miles Flown (MIL)	Pessimistic	8,118.0	8,084.8	8,703.7	9,605.6	10,387.8	11,160.8	-0.4%	1.5%	1.7%	1.7%	1.6%
	Baseline	8,118.0	8,284.3	9,173.4	10,359.3	11,518.7	12,722.9	2.0%	2.1%	2.3%	2.2%	2.2%
	Optimistic	8,118.0	8,402.6	9,454.1	10,790.0	12,225.6	13,656.1	3.5%	2.4%	2.5%	2.5%	2.5%
Psgr Carrier Departures (000s)	Pessimistic	9,212.4	9,102.8	9,588.1	10,373.7	10,981.9	11,540.3	-1.2%	1.0%	1.3%	1.3%	1.2%
	Baseline	9,212.4	9,335.1	10,124.9	11,231.3	12,218.8	13,195.1	1.3%	1.6%	1.9%	1.8%	1.7%
	Optimistic	9,212.4	9,468.3	10,449.7	11,736.8	13,012.7	14,216.9	2.8%	2.0%	2.2%	2.1%	2.1%
Nominal Passenger Yield (cents)	Pessimistic	16.19	16.71	19.27	22.31	25.99	30.32	3.2%	2.9%	2.9%	3.0%	3.0%
	Baseline	16.19	16.36	17.98	19.73	21.27	22.97	1.1%	1.9%	1.9%	1.8%	1.7%
	Optimistic	16.19	16.21	17.66	19.08	20.00	21.03	0.2%	1.7%	1.6%	1.4%	1.3%
* Includes domestic and international activity.												

FAA Aerospace Forecast Fiscal Years 2026–2046

TABLE A-3

FAA FORECAST OF DOMESTIC AVIATION ACTIVITY

FISCAL YEARS 2025-2046

Variable	Scenario	Historical	FORECAST					PERCENT AVERAGE ANNUAL GROWTH				
		2025E	2026	2031	2036	2041	2046	2025-26	2026-31	2026-36	2026-41	2026-46
Domestic Aviation												
Activity												
Available Seat Miles (BIL)	Pessimistic	979.1	966.8	1,050.0	1,175.5	1,293.8	1,412.7	-1.2%	1.7%	2.0%	2.0%	1.9%
	Baseline	979.1	997.3	1,117.9	1,287.1	1,458.4	1,639.7	1.9%	2.3%	2.6%	2.6%	2.5%
	Optimistic	979.1	1,015.2	1,162.4	1,359.0	1,570.5	1,785.0	3.7%	2.7%	3.0%	3.0%	2.9%
Revenue Passenger Miles (BIL)	Pessimistic	804.9	800.1	889.2	1,000.9	1,103.4	1,205.7	-0.6%	2.1%	2.3%	2.2%	2.1%
	Baseline	804.9	825.3	946.8	1,095.9	1,243.7	1,399.4	2.5%	2.8%	2.9%	2.8%	2.7%
	Optimistic	804.9	840.2	984.4	1,157.1	1,339.3	1,523.4	4.4%	3.2%	3.3%	3.2%	3.0%
Enplanements (MIL)	Pessimistic	854.9	848.7	930.6	1,033.8	1,124.7	1,212.9	-0.7%	1.9%	2.0%	1.9%	1.8%
	Baseline	854.9	875.4	990.8	1,131.9	1,267.8	1,407.7	2.4%	2.5%	2.6%	2.5%	2.4%
	Optimistic	854.9	891.2	1,030.2	1,195.1	1,365.2	1,532.5	4.2%	2.9%	3.0%	2.9%	2.7%
Psgr Carrier Miles Flown (MIL)	Pessimistic	6,369.6	6,290.3	6,711.8	7,354.4	7,916.0	8,453.2	-1.2%	1.3%	1.6%	1.5%	1.5%
	Baseline	6,369.6	6,488.7	7,147.5	8,054.9	8,927.3	9,817.2	1.9%	2.0%	2.2%	2.1%	2.1%
	Optimistic	6,369.6	6,606.4	7,433.4	8,507.0	9,616.7	10,691.4	3.7%	2.4%	2.6%	2.5%	2.4%
Psgr Carrier Departures (000s)	Pessimistic	8,446.0	8,325.9	8,722.3	9,383.3	9,880.3	10,317.7	-1.4%	0.9%	1.2%	1.1%	1.1%
	Baseline	8,446.0	8,556.7	9,241.3	10,212.2	11,058.4	11,878.4	1.3%	1.6%	1.8%	1.7%	1.7%
	Optimistic	8,446.0	8,689.0	9,568.2	10,727.2	11,845.7	12,877.1	2.9%	1.9%	2.1%	2.1%	2.0%
Nominal Passenger Yield (cents)	Pessimistic	16.16	16.78	19.88	23.54	27.47	32.10	3.9%	3.4%	3.4%	3.3%	3.3%
	Baseline	16.16	16.30	17.95	19.81	21.37	23.10	0.9%	1.9%	2.0%	1.8%	1.8%
	Optimistic	16.16	16.11	17.47	18.89	19.81	20.87	-0.3%	1.6%	1.6%	1.4%	1.3%

*Includes mainline and regional carriers.

FAA Aerospace Forecast Fiscal Years 2026–2046

TABLE A-4

FAA FORECAST OF INTERNATIONAL AVIATION ACTIVITY*

FISCAL YEARS 2025-2046

Variable	Scenario	Historical	FORECAST					PERCENT AVERAGE ANNUAL GROWTH				
		2025E	2026	2031	2036	2041	2046	2025-26	2026-31	2026-36	2026-41	2026-46
International Aviation												
Activity												
Available Seat Miles (BIL)	Pessimistic	396.0	408.0	455.8	518.1	572.0	629.8	3.0%	2.2%	2.4%	2.3%	2.2%
	Baseline	396.0	408.1	463.1	529.4	598.8	675.3	3.1%	2.6%	2.6%	2.6%	2.6%
	Optimistic	396.0	408.1	461.9	524.5	603.0	689.6	3.1%	2.5%	2.5%	2.6%	2.7%
Revenue Passenger Miles (BIL)	Pessimistic	327.7	337.7	377.4	429.2	474.0	522.1	3.0%	2.3%	2.4%	2.3%	2.2%
	Baseline	327.7	337.7	383.5	438.6	496.2	559.8	3.1%	2.6%	2.6%	2.6%	2.6%
	Optimistic	327.7	337.8	382.5	434.5	499.7	571.6	3.1%	2.5%	2.5%	2.6%	2.7%
Enplanements (MIL)	Pessimistic	119.9	122.6	138.1	159.5	179.0	200.4	2.3%	2.4%	2.7%	2.6%	2.5%
	Baseline	119.9	122.7	140.6	163.6	187.9	215.2	2.3%	2.8%	2.9%	2.9%	2.8%
	Optimistic	119.9	122.8	140.1	161.7	188.7	218.7	2.4%	2.7%	2.8%	2.9%	2.9%
Psgr Carrier Miles Flown (MIL)	Pessimistic	1,748.4	1,794.5	1,991.9	2,251.3	2,471.8	2,707.6	2.6%	2.1%	2.3%	2.2%	2.1%
	Baseline	1,748.4	1,795.6	2,025.9	2,304.4	2,591.4	2,905.6	2.7%	2.4%	2.5%	2.5%	2.4%
	Optimistic	1,748.4	1,796.2	2,020.7	2,283.0	2,609.0	2,964.7	2.7%	2.4%	2.4%	2.5%	2.5%
Psgr Carrier Departures (000s)	Pessimistic	766.4	776.8	865.8	990.4	1,101.6	1,222.6	1.4%	2.2%	2.5%	2.4%	2.3%
	Baseline	766.4	778.4	883.5	1,019.1	1,160.4	1,316.7	1.6%	2.6%	2.7%	2.7%	2.7%
	Optimistic	766.4	779.3	881.5	1,009.6	1,166.9	1,339.8	1.7%	2.5%	2.6%	2.7%	2.7%
Nominal Passenger Yield (cents)	Pessimistic	16.27	16.53	17.83	19.44	22.54	26.21	1.6%	1.5%	1.6%	2.1%	2.3%
	Baseline	16.27	16.50	18.04	19.52	21.00	22.66	1.4%	1.8%	1.7%	1.6%	1.6%
	Optimistic	16.27	16.47	18.14	19.59	20.50	21.48	1.3%	1.9%	1.7%	1.5%	1.3%
*Includes mainline and regional carriers.												