



**M O V I N G T H E
AMERICAN
ECONOMY**

**U.S. Department of Transportation
Office of Public Affairs
Washington, D.C.
www.dot.gov/affairs/briefing.htm**

**Research and Innovative Technology Administration
BTS Data**

BTS 21-09
Wednesday, May 6, 2009

Contact: Dave Smallen
Tel.: (202) 366-5568

Average 4th-Quarter Domestic Air Fares Drop from 3rd Quarter Top 100 Airports: Highest Fare in Cincinnati, Lowest Fare at Dallas Love

Average domestic air fares in the fourth quarter of 2008 of \$347 were 3.7 percent lower than the all-time quarterly high set in the third quarter but were still the highest for any fourth quarter on record (Tables 1, 2), the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported today.

BTS, a part of the Research and Innovative Technology Administration, reported that the 3.7 percent drop from the record high average fares of \$360 in the July-to-September quarter to \$347 in the October-to-December period was the biggest third quarter to fourth quarter decline in the 14 years for which BTS has records (Table 2).

This decline was the third time in 14 years that fares have fallen from the third quarter to the fourth quarter. In the other 11 years, average fares rose from the third quarter to the fourth quarter. See [BTS Air Fare web page](#) for historic data. Quarter-to-quarter changes may be affected by seasonal factors.

The \$347 fourth-quarter 2008 average fares represented a lower rate of increase than inflation both from the fourth quarter of 1995, the first year of BTS records and from the previous high for fourth-quarter fares set in 2000. In the 14 years after 1995 air fares rose 20.4 percent compared to a 37 percent inflation rate. From 2000, when the previous fourth-quarter high was set, fares rose 1.9 percent compared to a 20.8 percent inflation rate (Table 6).

Since 2004, average fares have been increasing faster than inflation. Fourth-quarter 2008 average fares rose 16.6 percent from the post-9/11 fourth-quarter low of \$297 in 2004, exceeding the inflation rate of 10.5 percent (Table 6).

Average fares are based on domestic itinerary fares, round-trip or one-way for which no return is purchased. Fares include taxes and fees. Averages do not include frequent-flyer or "zero fares" or a few abnormally high reported fares. Average fares in this release may not be comparable to BTS fare press releases before the second quarter of 2007 which did not exclude frequent flyer fares or abnormally high fares. Bulk fares continue to be excluded as in earlier releases.

- more -

AIR TRAVEL PRICE INDEX ADD ONE

Spirit Airlines data for the five quarters from the fourth quarter of 2007 to the fourth quarter of 2008 are not included in this release because the airline is updating its reports. Atlantic City, NJ, is not included because Spirit operates more than 90 percent of the flights there. The Atlantic City average fares in the July 23, 2008 press release were based on incorrect data. The data available on the BTS website for the second and third quarters of 2008 have been revised. Revised Spirit Airlines data for the fourth quarter 2007 and the first quarter 2008 have yet to be received. See <http://www.bts.gov/xml/atpi/src/index.xml>

Data for the second and third quarters of 2008 have been revised from previous releases to include data from airlines whose reports were withheld because of pending confidentiality motions. The motions have been resolved.

Beginning with the first quarter 2008 release, BTS does not include Alaska, Hawaii and Puerto Rico airports in average fare totals and rankings. Average fares for those airports are available on the BTS Air Fare web page: <http://www.bts.gov/xml/atpi/src/index.xml>

Of the top 100 airports based on originating passengers, the highest fourth-quarter average fares were in Cincinnati followed by Grand Rapids, MI; Knoxville TN; Greenville/Spartanburg, SC and Minneapolis/St. Paul. The lowest fares in the top 100 airports were at Dallas Love, TX followed by Long Beach, CA; Las Vegas; Orlando, FL and Burbank, CA (Table 3). See the [BTS Air Fare web page](#) for average fares for the top 100 airports.

The largest year-to-year average fare increase for the fourth quarter among the 100 largest airports, ranked by 2007 originating passengers, was 32.8 percent in Newburgh, NY followed by Dallas Love, TX; Minneapolis/St. Paul; Islip, NY and Chicago Midway (Table 4).

The biggest year-to-year average decrease was 8 percent in Burlington, VT followed by San Francisco; Long Beach, CA; Richmond, VA and Greensboro/High Point, NC (Table 4).

The largest average fare increase from the fourth quarter of 1995 to the fourth quarter of 2008 was 215.5 percent at Dallas Love, TX followed by Lubbock TX; Colorado Springs, CO; El Paso, TX and Houston Hobby (Table 5).

The largest average fare decrease from the fourth quarter of 1995 to the fourth quarter of 2008 was 36.6 percent in White Plains, NY. The other top average fare decreases over this period took place at Manchester, NH; Richmond, VA; Akron/Canton, OH and Rochester, NY (Table 5).

The Air Travel Price Index (ATPI)

A separate measure of fares, the BTS Air Travel Price Index (ATPI) dropped 2.9 percent in the fourth quarter from its previous all-time high in the third quarter (Table 2). See <http://www.bts.gov/xml/atpi/src/datadisp.xml?t=1> for historic data.

The ATPI was up 6.8 percent from the fourth quarter of 2007 to the fourth quarter of 2008 (Table 8).

The ATPI is up 13.6 percent from its pre-9/11 fourth-quarter high set in 2000 and up 24 percent from its post-9/11 fourth-quarter low set in 2004 (Table 7).

- more -

AIR TRAVEL PRICE INDEX ADD TWO

ATPI is a statistical index that documents quarterly changes in airline prices since the first quarter of 1995. The index measures changes in airline ticket prices used on identical routings and identical classes of service on a quarter-by-quarter basis. The index can be used to compare air fares in the most recent available quarter to any quarter since the first quarter of 1995, which is the base quarter (1Q 1995=100).

While the ATPI measures changes in fares, average fares measure the actual amount paid by passengers, including taxes and fees. Average fares take account of both the level of fares and the number of passengers purchasing fares at different levels. Average fares do not necessarily account for the level of service, as ATPI does.

Average fare calculations and the ATPI, while similar, measure air fares in two different ways and may produce different results. ATPI measures the rise in air fares and average fares show the increased use of lower fares. The varying results reflect trends in the airline industry that have resulted in more passengers using lower air fares even though fare levels continue to rise. Three of these trends follow.

First, low-cost carriers, which generally offer lower fares, now carry about 40 percent of all domestic enplaned passengers, up from about 14 percent in 1995. Second, network carriers have been forced to match some of the low-cost carrier relaxed fare rules, such as eliminating the “Saturday Night Stay Rule”, which has allowed more passengers to purchase lower fares. Third, use of the internet allows almost instant price comparisons that give the customer the opportunity for unprecedented low-fare shopping.

Excluding Alaska, Hawaii, and Puerto Rico, the largest year-to-year fare index increase for the fourth quarter among the 85 largest airline markets, ranked by passengers, was 21.1 percent in Islip, NY followed by Minneapolis/St. Paul; Manchester, NH; Reno, NV and Cincinnati (Table 9).

There were only two year-to-year ATPI decreases: 0.8 percent in Greensboro/High Point, NC and by 0.3 percent in Richmond, VA. The smallest year-to-year increases for the fourth quarter were for trips originating in Denver, New Orleans and Salt Lake City (Table 9).

The largest fare index increase from the fourth quarter of 1995 to the fourth quarter of 2008 was 199.3 percent in Long Beach, CA. The other top ATPI increases over this period took place at Burbank, CA; Phoenix; Las Vegas and Tucson, AZ (Table 10).

The only ATPI decrease for the 14-year 1995-to-2008 period was 1.8 percent in Richmond, VA. The smallest increase was 8.7 percent in Denver, CO with the other smallest increases in Detroit, MI; Rochester, NY and Manchester, NH (Table 10).

Alaska, Hawaii and Puerto Rico airports have been excluded from Tables 9 and 10 of this release. Those airports are included in the total ATPI and data about them can be found on the ATPI rankings on the [BTS Air Fare web page](#).

AIR TRAVEL PRICE INDEX PRESS RELEASE
ADD THREE

Additional information about average fares, including fares for the top 100 airports based on U.S. originating domestic passengers, can be found on the BTS website at <http://www.bts.gov/xml/atpi/src/index.xml>. Additional information can also be found on that page about the ATPI, including indexes for foreign-origin itineraries and the top 85 air travel markets based on originating passengers. First-quarter 2009 average fare data and the ATPI will be released on July 29.

Table 1: Fourth Quarter Average Fares 1995-2008 Compared to Inflation Rate
 Fares based on domestic itinerary fares, round-trip or a one-way for which no return is purchased.

Averages do not include frequent flyer fares.

	Percent change from previous year		Percent change from 1995		
	Average Domestic 4Q Fares (\$)	Average Fares (4Q to 4Q)	Inflation (Dec from previous Dec)*	Cumulative Average Fares (4Q 1995 to 4Q)	Cumulative inflation rate (Dec of each year from Dec 1995)*
1995	288				
1996	278	-3.3	3.3	-3.3	3.3
1997	294	5.5	1.7	2.0	5.1
1998	316	7.7	1.6	9.9	6.8
1999	318	0.6	2.7	10.5	9.6
2000	340	7.0	3.4	18.2	13.4
2001	300	-11.8	1.6	4.2	15.1
2002	309	3.0	2.4	7.3	17.9
2003	316	2.2	1.9	9.7	20.1
2004	297	-5.9	3.3	3.3	24.0
2005	315	5.9	3.4	9.4	28.2
2006	318	1.1	2.5	10.5	31.5
2007	332	4.4	4.1	15.4	36.8
2008	347	4.4	0.1	20.4	37.0

Source: Bureau of Transportation Statistics

* Rate calculated using Bureau of Labor Statistics Consumer Price Index.

Note: Percent change based on unrounded numbers

**AIR TRAVEL PRICE INDEX PRESS RELEASE
ADD FOUR**

Table 2: Average Domestic Airline Fares and Air Travel Price Index since First Quarter 2007

Percent Change by Quarter

Fares based on U.S. domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares. ATPI 1Q 1995=100

	Average Domestic Fares		Air Travel Price Index	
	Avg Fare* (\$)	Pct. Change	Index	Pct. Change
First Quarter 2007	318	-0.1	114.6	0.5
Second Quarter 2007	325	2.4	117.8	2.9
Third Quarter 2007	328	0.7	118.8	0.8
Fourth Quarter 2007	332	1.4	118.7	-0.1
First Quarter 2008	336	1.3	121.4	2.3
Second Quarter 2008	348	3.5	126.3	4.1
Third Quarter 2008	360	3.4	130.6	3.4
Fourth Quarter 2008	347	-3.7	126.8	-2.9

SOURCE: Bureau of Transportation Statistics

* Fourth quarter 2007 and first quarter 2008 average fare numbers were revised from the first quarter 2008 press release issued on July 23, 2008. Second and third quarter 2008 average fare numbers were revised from the third quarter 2008 press release issued on Jan. 28, 2009.

Note: Percent change based on unrounded numbers

Note: Quarter-to-quarter changes may be affected by seasonal factors.

Table 3: Highest and Lowest U.S. Domestic Average Itinerary Fares Fourth Quarter 2008

Top 100 Airports* Based on 2007 U.S. Originating Domestic Passengers

Fares based on U.S. domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares.

Rank	Origin	Fourth Quarter 2008 (\$)
Highest Average Fares		
1	Cincinnati, OH	554
2	Grand Rapids, MI	459
3	Knoxville, TN	447
4	Greenville/Spartanburg, SC	441
5	Minneapolis/St. Paul, MN	435
Average Fare at All Airports		347
Lowest Average Fares		
1	Dallas Love, TX	241
2	Long Beach, CA	254
3	Las Vegas, NV	261
4	Orlando, FL	261
5	Burbank/Glendale/Pasadena, CA	266

Source: Bureau of Transportation Statistics

* Not including Alaska, Hawaii or Puerto Rico

Note: Percent change based on unrounded numbers

- more -

**AIR TRAVEL PRICE INDEX PRESS RELEASE
ADD FIVE**

Table 4: Top Five U.S. Domestic Average Itinerary Fare Increases and Decreases, 2007 – 2008

Top 100 Airports* Based on 2007 U.S. Originating Domestic Passengers

Fares based on U.S. domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares.

Rank	Origin	Fourth Quarter 2007 (\$)	Fourth Quarter 2008 (\$)	Percent Change from 4th Qtr 2007
Largest Increases				
1	Newburgh, NY	248	329	32.8
2	Dallas Love, TX	200	241	20.1
3	Minneapolis/St. Paul, MN	363	435	19.9
4	Islip, NY	242	286	18.3
5	Chicago Midway, IL	234	275	17.8
Average Fare at All Airports		332	347	4.4
Largest Decreases				
1	Burlington, VT	371	341	-8.0
2	San Francisco, CA	428	405	-5.4
3	Long Beach, CA	266	254	-4.9
4	Richmond, VA	347	330	-4.8
5	Greensboro/High Point, NC	388	372	-4.1

Source: Bureau of Transportation Statistics

* Not including Alaska, Hawaii or Puerto Rico

Note: Percent change based on unrounded numbers

AIR TRAVEL PRICE INDEX
ADD SIX

Table 5: Top Five U.S. Domestic Average Itinerary Fare Increases and Decreases, 1995-2008

Top 100 Airports* Based on 2007 U.S. Originating Domestic Passengers

Fares based on U.S. domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares.

Rank	Origin	Fourth Quarter 1995	Fourth Quarter 2008	Percent Change from 4th Qtr 1995
Largest Increases				
1	Dallas Love, TX	76	241	215.5
2	Lubbock, TX	134	298	121.6
3	Colorado Springs, CO	181	394	117.7
4	El Paso, TX	159	331	108.1
5	Houston Hobby, TX	136	280	106.6
Average Fare at All Airports		288	347	20.4
Largest Decreases				
1	White Plains, NY	476	301	-36.6
2	Manchester, NH	427	313	-26.8
3	Richmond, VA	439	330	-24.8
4	Akron/Canton, OH	367	285	-22.4
5	Rochester, NY	392	312	-20.5

Source: Bureau of Transportation Statistics

* Not including Alaska, Hawaii or Puerto Rico

Note: Percent change based on unrounded numbers

**AIR TRAVEL PRICE INDEX
ADD SEVEN**

Table 6: Percent Changes to 2008 in Domestic Average Itinerary Fares and the Inflation Rate* by Year Since 1995

(Fourth Quarter to Fourth Quarter for fares; Dec to Dec for inflation)

Fares based on U.S domestic itinerary fares, round-trip or one-way for which no return is purchased. Averages do not include frequent flyer fares.

Since 4th Quarter ...	Duration in Years	Average 4Q Itinerary Fare (\$)	Percent Change in Average Fare to 4th Quarter 2008	Inflation Rate to Dec 2008
2008		347		
2007	1	332	4.4	0.1
2006	2	318	8.9	4.2
2005	3	315	10.1	6.8
2004	4	297	16.6	10.5
2003	5	316	9.7	14.1
2002	6	309	12.2	16.2
2001	7	300	15.6	19.0
2000	8	340	1.9	20.8
1999	9	318	9.0	24.9
1998	10	316	9.6	28.3
1997	11	294	18.1	30.3
1996	12	278	24.5	32.6
1995	13	288	20.4	37.0

Source: Bureau of Transportation Statistics

* Rate calculated using Bureau of Labor Statistics Consumer Price Index

Note: Percent change based on unrounded numbers

**AIR TRAVEL PRICE INDEX
ADD EIGHT**

**Table 7: Percent Changes to 2008 in the Air Travel Price Index,
from Each Year Since 1995**

(U.S.-Origin Itineraries, Fourth Quarter to Fourth Quarter)

Percent Change to 4th Quarter 2008	Since 4th Quarter ...	Duration in Years
6.8	2007	1
11.2	2006	2
13.6	2005	3
24.0	2004	4
19.0	2003	5
21.0	2002	6
23.2	2001	7
13.6	2000	8
24.6	1999	9
27.9	1998	10
17.6	1997	11
27.7	1996	12
28.1	1995	13

Source: Bureau of Transportation Statistics

**Table 8: Year-to-Year Changes in the Air Travel Price Index (ATPI) since 1995
U.S.-Origin Itineraries**

Fourth Quarter to Fourth Quarter (First Quarter 1995 = 100)

Year	ATPI	Percent Change from 4th Quarter Previous Year
1995	99.0	
1996	99.3	0.4
1997	107.8	8.6
1998	99.1	-8.1
1999	101.7	2.7
2000	111.6	9.7
2001	102.9	-7.8
2002	104.7	1.8
2003	106.6	1.8
2004	102.2	-4.1
2005	111.5	9.1
2006	114.0	2.2
2007	118.7	4.1
2008	126.8	6.8

Source: Bureau of Transportation Statistics

- more -

**AIR TRAVEL PRICE INDEX
ADD NINE**

Table 9: Top Five Fourth Quarter Air Travel Price Index Increases and Decreases (Smallest Increases), 2007-2008;

Top 85 Air Travel Markets*

Air Travel Price Index Percent Change, Fourth Quarter 2007 to Fourth Quarter 2008
(First Quarter 1995 = 100)

Rank	Origin	ATPI Fourth Quarter 2007	ATPI Fourth Quarter 2008	Percent Change from 4th Qtr 2007
Largest Increases				
1	Long Island, NY	110.3	133.6	21.1
2	Minneapolis/St. Paul, MN	105.0	118.9	13.2
3	Manchester, NH	96.6	109.1	12.9
4	Reno, NV	124.5	140.0	12.4
5	Cincinnati, OH	135.8	152.3	12.2
ATPI for All U.S. Origins				
		118.7	126.8	6.8
Largest Decreases/Smallest Increases				
1	Greensboro/High Point, NC	143.1	141.9	-0.8
2	Richmond, VA	101.3	101.1	-0.3
3	Denver, CO	103.8	106.1	2.2
4	New Orleans, LA	141.6	144.7	2.2
5	Salt Lake City, UT	139.0	142.1	2.3

Source: Bureau of Transportation Statistics

* See Top 85 Market Rankings Table 15 for Alaska, Hawaii and Puerto Rico airports

** HI, AK, PR airports are excluded.

***[See Top 85 Market Rankings Table 16 for Alaska, Hawaii and Puerto Rico airports](#)

- more -

**AIR TRAVEL PRICE INDEX
ADD TEN**

Table 10: Top Five Air Travel Price Index Increases and Decreases (Smallest Increases), 1995-2008;
Top 85 Air Travel Markets*
Air Travel Price Index Percent Change, Fourth Quarter 1995 to Fourth Quarter 2008
(First Quarter 1995 = 100)

Rank	Origin	ATPI Fourth Quarter 1995	ATPI Fourth Quarter 2008	Percent Change from 4th Qtr 1995
Largest Increases				
1	Long Beach, CA	59.1	176.8	199.3
2	Burbank/Glendale/Pasadena, CA	95.7	183.5	91.7
3	Phoenix, AZ	80.2	137.4	71.4
4	Las Vegas, NV	94.6	148.0	56.5
5	Tucson, AZ	94.1	143.6	52.5
ATPI for All U.S. Origins		99.0	126.8	28.1
Largest Decreases/Smallest Increases				
1	Richmond, VA	102.9	101.1	-1.8
2	Denver, CO	97.6	106.1	8.7
3	Detroit, MI	99.9	110.6	10.7
4	Rochester, NY	99.5	110.6	11.1
5	Manchester, NH	95.6	109.1	14.1

Source: Bureau of Transportation Statistics

* See Top 85 Market Rankings Table 15 for Alaska, Hawaii and Puerto Rico airports

** HI, AK, PR airports are excluded.

*** [See Top 85 Market Rankings Table 15 for Alaska, Hawaii and Puerto Rico airports](#)

AIR TRAVEL PRICE INDEX

ADD ELEVEN

For **air fares** for the following airports, go to <http://www.bts.gov/xml/atpi/src/index.xml>.

Multiple airport areas for which a single average fare calculation is available are: Boston, Chicago, Dallas-Fort Worth, Houston, Los Angeles, New York, San Francisco and Washington, DC.

Airports covered by average fare calculations are:

Alabama	Birmingham
Arizona	Phoenix, Tucson
Arkansas	Little Rock
California	Burbank, Fresno, Long Beach, Los Angeles Intl, Oakland, Ontario/San Bernardino, Sacramento, San Diego, San Francisco, San Jose, Santa Ana (Orange County)
Colorado	Colorado Springs, Denver
Connecticut	Hartford
District of Columbia	Dulles, Reagan National
Florida	Ft. Lauderdale, Ft. Myers, Jacksonville, Miami, Orlando, Pensacola, Sarasota/Bradenton, Tampa, West Palm Beach
Georgia	Atlanta, Savannah
Idaho	Boise
Illinois	Chicago Midway, Chicago O'Hare
Indiana	Indianapolis
Iowa	Des Moines
Kansas	Wichita
Kentucky	Louisville
Louisiana	New Orleans
Maine	Portland
Maryland	Baltimore
Massachusetts	Boston
Michigan	Detroit, Grand Rapids, Flint
Minnesota	Minneapolis/St. Paul
Mississippi	Jackson/Vicksburg
Missouri	Kansas City, St. Louis
Nebraska	Omaha
Nevada	Las Vegas, Reno
New Hampshire	Manchester
New Jersey	Newark
New Mexico	Albuquerque
New York	Albany, Buffalo, Islip, New York JFK, New York LaGuardia, Newburgh, Rochester, Syracuse, White Plains
North Carolina	Charlotte, Greensboro, Raleigh/Durham

- more -

AIR TRAVEL PRICE INDEX

ADD TWELVE

Ohio	Akron/Canton, Cincinnati, Cleveland, Columbus, Dayton
Oklahoma	Oklahoma City, Tulsa
Oregon	Portland
Pennsylvania	Harrisburg, Philadelphia, Pittsburgh
Rhode Island	Providence
South Carolina	Charleston, Greenville/Spartanburg
Tennessee	Knoxville, Memphis, Nashville
Texas	Austin, Dallas Love, Dallas/Ft. Worth, El Paso, Houston Bush, Houston Hobby, Lubbock, San Antonio
Utah	Salt Lake City
Vermont	Burlington
Virginia	Norfolk, Richmond
Washington	Seattle, Spokane
Wisconsin	Madison, Milwaukee

For the ATPI for the following markets, go to

<http://www.bts.gov/xml/atpi/src/index.xml>:

Alabama:	Birmingham
Alaska:	Anchorage
Arizona:	Phoenix, Tucson
Arkansas:	Little Rock
California:	Burbank, Greater Los Angeles, Long Beach, Los Angeles, Oakland, Ontario, Sacramento, San Diego, San Francisco, San Jose, Santa Ana (Orange County)
Colorado:	Colorado Springs, Denver
Connecticut:	Hartford
District of Columbia:	Washington, DC (Dulles and Reagan National combined)
Florida:	Ft. Lauderdale, Ft. Myers, Jacksonville, Miami, Orlando, Tampa, West Palm Beach
Georgia:	Atlanta, Savannah
Hawaii:	Honolulu, Kahului (Maui), Kona, Lihue (Kauai)
Idaho:	Boise
Illinois:	Chicago (Midway and O'Hare combined)
Indiana:	Indianapolis
Iowa:	Des Moines
Kentucky:	Louisville
Louisiana:	New Orleans
Maryland:	Baltimore
Massachusetts:	Boston
Michigan:	Detroit, Grand Rapids
Minnesota:	Minneapolis/St. Paul
Missouri:	Kansas City, St. Louis

- more -

AIR TRAVEL PRICE INDEX

ADD THIRTEEN

Nebraska:	Omaha
Nevada:	Las Vegas, Reno
New Hampshire:	Manchester
New Jersey:	New York/Newark
New Mexico:	Albuquerque
New York:	Albany, Buffalo, Long Island, New York/Newark, Rochester, Syracuse
North Carolina:	Charlotte, Greensboro/High Point, Raleigh/Durham
Ohio:	Cincinnati, Cleveland, Columbus, Dayton
Oklahoma:	Oklahoma City, Tulsa
Oregon:	Portland
Pennsylvania:	Philadelphia, Pittsburgh
Rhode Island:	Providence
South Carolina:	Charleston
Tennessee:	Memphis, Nashville
Texas:	Austin, Dallas/Ft. Worth, El Paso, Houston, San Antonio
Utah:	Salt Lake City
Virginia:	Norfolk, Richmond
Washington:	Seattle, Spokane
Wisconsin:	Milwaukee
Puerto Rico:	San Juan

- more -

AIR TRAVEL PRICE INDEX ADD FOURTEEN

Brief Explanation of the ATPI

The ATPI series are computed using a price index methodology. Although the ATPI is computed using a tested index methodology, it is considered a research series at this time.

The ATPI is based on fares paid by travelers and draws its data from the BTS Passenger Origin and Destination Survey. Through this survey, BTS collects information from the airlines on a 10-percent sample of airline tickets. Each ticket sold is assigned an identification number, and if this number ends in 0, the ticket is in the sample.

The index measures the aggregate change in the cost of itineraries originating in the United States, whether the destinations are domestic or international, but only for U.S. carriers (excluding charter air travel). The ATPI is based on the changes in the price of individual itineraries, that is, round trips or one-way trips for which no return trip is purchased, and the relative value of each itinerary, for the set of matched itineraries.

The index uses the first quarter of 1995 as the reference point (expressed as the number 100) against which all subsequent quarterly prices are measured. ATPI values below 100 represent overall “cost of flying” levels less than those in the second quarter of 1995, while values above 100 represent cost of flying levels that exceed those of the second quarter of 1995. ATPI levels can be used to compute percentage changes in overall fare costs between any two quarters in an ATPI series.

Unlike many other price index estimates, the ATPI is not based on a fixed “market basket” of air travel services. Rather, all of the data from the Passenger Origin and Destination (O&D) Survey are fed into the estimation system each quarter, and this collection of itineraries varies from one quarter to the next. New entry, including routes and carriers, will not be included in the ATPI calculations until it has been present in the O&D Survey for two consecutive quarters.

For price comparison purposes, itineraries flown in each quarter are “matched up” with identical or very similar itineraries flown in other quarters. A price index formula is then used to compute aggregate index estimates such as those that appear in this release.

The fares reported in the O&D Survey include taxes, so the ATPI values reflect changes in tax rates as well as changes in fares received by the airlines. The ATPI values in this release are not adjusted for seasonality, so some movements in the series are due to seasonal variations in air fares.

The ATPI differs from the Bureau of Labor Statistics’ (BLS) air fare index, a component of the Consumer Price Index. The BLS index is based on fares advertised through SABRE, a leading computerized airline ticket reservation system, while the ATPI uses actual fares paid by travelers. Since a growing number of tickets are purchased through the internet at discounted prices not listed with SABRE, the ATPI does not show the same levels of increases as the BLS index.

-END-