Global aviation heads for $41 billion profit in 2026

FOR 2026, IATA forecasts a 4.9% YoY growth in passenger traffic (measured in RPK), led by the Asia Pacific region's expansion by 7.3%. This marginal deceleration over 2025 is mainly because of persistent supply-side constraints, including limited aircraft availability, and labor shortages. Supply constraints continue to keep load factors at record highs, projected at 83.8%, which in turn supports yields and profits in an otherwise turbulent operating environment. Resilient traffic growth, together with stable yields should allow the industry to top the $1 trillion revenues for the first time in 2025.

By 2045, the middle class demographic most likely to fly will increase by 1.4 billion people (+34%). Global air traffic is robust and inextricably linked to world economic growth as well as people's desire to travel. By 2045, air traffic will more than double, reaching about 10 billion passengers per year.

There are 40,000 to 44,000 airports in the world, depending on how you count small airfields, private strips, and paved or unpaved runways. Major global aviation groups like the International Civil Aviation Organization (ICAO) track codes for a large portion of these active locations. By 2045, Airbus forecasts the percentage of the global fleet that will be made up of the newest generation aircraft will reach almost 100% from around 39% in 2026.

Record high load factors and fleet utilization, together with a rapid expansion of ancillary revenues, will allow airlines to maintain a relatively healthy profit amid the headwinds, with record high net profit of $41 billion in 2026, and a stable net margin of 3.9%. This impressive achievement should be possible despite softening fares and continuous cost pressure. It must be said, though, that the airline industry remains a low-margin industry. At the higher end of the spectrum, single companies can realize our entire industry's total annual profit in a single quarter.

Regionally, Europe is set to deliver the highest net profit, very much thanks to Turkey's stellar performance. The Middle East is the region with the highest profit margins. Asia Pacific is where growth is the most rapid, and Latin America shows signs of structural improvement. North America faces new headwinds, including stagnating domestic demand and operational constraints, yet it remains a key contributor to industry profitability.

In the next 20 years, urbanisation is shifting to smaller cities. With a rise in middle classes and the diaspora this will lead to new city pairings made economically viable thanks to increasingly efficient aircraft and growing passenger traffic volumes. Not only is aviation essential for the transportation of high value, quick to market goods, aviation also connects people for a multitude of reasons across the globe, providing an economic lifeline to many communities.

Sustainability is a priority for the airline industry, which is firmly committed to achieving net zero CO2 emissions by 2050. SAF is projected to cover less than 1% of total fuel consumption in 2026, in an unambiguous verdict on how ineffective the current policy environment is.

Air cargo volumes are estimated to have increased by 2.9% year-over-year (almost +8.8% versus 2019), to almost 128.9 million metric tonnes in 2025. Air cargo traffic is more concentrated amongst the main airports. Air cargo volumes in the top 10 airports represent close to 26% of global air cargo traffic. The increase is driven by strong e-commerce demand and supply chain adjustments.

Dollar dominance may fade, but history says it won't happen fast

The US currency retains a commanding global role despite growing challenges to its supremacy

John Hawkins

ON some measures, China has already overtaken the United States as the world's largest economy. But the US dollar retains a dominant role in the international financial system and trade. How long will this continue? Looking to history, Barry Eichengreen's new book Money Beyond Borders seeks to answer this question. Eichengreen is a respected professor of economics and political science at the University of California. He is well qualified to write this book. As he notes in his introduction: This is not the first book about international currencies. It is not even my first book about international currencies.

Traded coins date back to Ancient Greece

Throughout history, it has been usual for one currency to dominate in international transactions. Since the Second World War, this has been the US dollar. Eichengreen's book goes all the way back to the first coins to be used internationally, the Athenian "owls". The weight, fineness and design remained the same for centuries, helping to build confidence in the currency. Athens was a commercial hub and led the Delian League of Greek city-states. The Roman denarius served as international currency even beyond the extensive Roman Empire.

It reached its maximum extent around 117 CE. Then, by the fifth century CE, the Byzantine gold solidus was used for trade from Britain to India. During the Renaissance, the Florentine gold florin flourished as Florence became the European centre of banking and finance. The florin's appearance and gold content were unchanged for three centuries, a key factor in maintaining confidence in a currency.

The Spanish real became the first truly global currency. As eight of the coins amounted to one peso, they were known as "pieces of eight". Later, Dutch guilders bloomed as Amsterdam became the hub of global foreign exchange markets and the Dutch East India Company expanded its operations.

The British pound sterling took over the role in the 18th century as the sun rose on the British Empire and London grew as a financial centre. The nations issuing these currencies shared common characteristics that gave foreign traders confidence in the coins. They tended to be large hubs for international commerce, were politically stable and economically advanced and often had colonies.

Emergence of the US dollar as the global currency

Eichengreen describes how the international usage of the US dollar spread once the US central bank was established in 1913, the US economy grew, and the UK was weakened by the First World War. The Allied powers met at Bretton Woods in the US in 1944 to plan the post-WWII international financial system. They agreed on an indirect gold standard. The gold price would be fixed in US dollars. Other currencies would then be pegged to the dollar, reinforcing its role as the dominant currency.

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Around 90 per cent of transactions in the foreign exchange market now involve the US dollar. US dollar assets make up the majority of international reserves held by the world's central banks. And the US dollar is used for invoicing about 40 per cent of global trade.

The US dollar has an "exorbitant privilege"

This special status of the US dollar has been termed an "exorbitant privilege". This unique status increases the global demand for US dollar bonds. This, in turn, allows the US government and companies to borrow at lower interest rates. As there is more demand for US dollar assets, it also tends to make the US dollar stronger. This is good news for Americans buying imports or travelling overseas. But it also makes their exports more expensive and therefore less competitive.

Increasingly, US dollar dominance has been resented by many other countries. As Eichengreen observes, when Russia was locked out of the global financial system after its invasion of Ukraine in 2022, it triggered: […] a global rethink of dollar dependence. Other countries contemplating even the remote possibility that they might end up not on the best terms with the United States considered steps to avoid being in Russia's position.

The life cycle of dominant currencies

Eichengreen shows that "international currency status is not forever". But historically, currencies have maintained their status for a long time – even centuries – after the issuing country has ceased to be the dominant global economic power. Eichengreen concludes "no other currency … is positioned to fill the dollar's shoes". The Euro is the second most used international currency. But it lags well behind. This is partly because the Euro-area bond market is split between various countries. The Chinese renminbi lags even further behind, as the government has controls over capital movements into and out of China. Also, as Eichengreen notes, China's central bank is not fully independent, which may reduce confidence in the renminbi.

None of the privately issued cryptocurrencies actually function as currencies. Almost no legitimate purchases of goods and services are made with them. The price (in Australian dollars) of the best known one, Bitcoin, has halved over the past year. For some time to come, the US dollar may remain, in Eichengreen's expression, "the cleanest dirty shirt in the pile".

A convincing story

Eichengreen's book is a major scholarly endeavour by a respected authority that makes a convincing case. The endnotes run to 45 pages. There are 30 pages of bibliography and a comprehensive index. It will be a trusted reference. The economic journalist Martin Wolf called it one of the best economics books in 2026 so far. It is a little dry, however, lacking any graphs, maps or illustrations in its 300-plus pages, which may reduce its appeal for a general reader.

(The writer is head of the Canberra School of Government at the University of Canberra, Australia)

Oil majors reap war windfall as fuel costs soar

Hormuz disruption squeezes supplies, boosting profits for producers and refiners

Cathy Bussewitz
New York

ANALYSTS are expecting major oil companies to report raking in large spring profits while fighting between Iran and the US impeded petroleum shipments and consumers around the world paid more for fuel and confronted shortages.

The conflict, now in its sixth month, halted most shipping through the Strait of Hormuz, a narrow waterway that previously served as a delivery route for a fifth of the world's oil and natural gas. With global supplies constrained, prices for Brent crude, the international standard, soared from about $70 to above $100 a barrel for much of March, April and May, and at one point reached $126.

That likely resulted in elevated profits for some of the biggest publicly traded oil companies as they sold their goods for higher prices. American oil and gas giants Exxon Mobil and Chevron announced their second-quarter earnings on Friday. The money oil companies accrued between the beginning of April and the end of June could receive extra scrutiny this year. Gasoline, diesel and jet fuel prices climbed during that period, increasing costs for drivers and airline passengers. Supplies ran low in some countries, leading to sporadic fuel rationing in Australia and government office closures in Nepal and Sri Lanka.

Six of Europe's largest oil companies posted first-quarter profits of $22 billion altogether, a total which was 43 per cent higher than the same time last year, according to Global Witness, a nonprofit organisation that investigates environmental problems.

"There are constituencies around the world who are having a very good crisis, and the oil producers are one of them," said Patrick Galey, fossil fuels lead at Global Witness. "When you compare that to the hundreds of millions of people who are struggling with rolling blackouts, with electricity curbs, rationing, waiting in line for food queues, or the disruption to fertilisers and the potential impact that that has on food prices, we don't think that it's a justifiable price for the rest of the world to be paying."

Lawmakers propose taxing major oil producers for war windfalls

Energy companies such as Exxon and Chevron do not set the price of American oil, which ricocheted from $68 to $115 a barrel during the quarter. It's driven by supply and demand, and what traders, refiners and other buyers are willing to pay.

Nevertheless, Democrats in Congress introduced bills in March to tax major oil producers for profits they show from 2026 onward and have the tax proceeds redistributed to consumers.

"It's fair to put a windfall profits tax on inordinate windfall profits rather than cut off children's food programmes," Sen. Sheldon Whitehouse, a Rhode Island Democrat who introduced the Senate version of the legislation, said.

Whitehouse's measure and a companion bill introduced by US Rep. Ro Khanna of California would amend the US tax code to impose a per-barrel excise tax on companies that produced or imported at least 300,000 barrels of oil per day in 2025. The tax would be 50 per cent of the difference between the oil price at the time of the levy and the average price per barrel last year. Similar proposals failed to pass in previous years. "We cracked USD 4 again per gallon last weekend in gas stations that I drove by, and that's a big expense, particularly for families that get their income from driving around from job to job in the work van or the work truck," Whitehouse said. "It makes a real difference."

The average price for a gallon of regular gasoline, which was below $3 before the US and Israel launched attacks on Iran, reached $4.10 this week. That's about $1 more than the cost of a gallon at this point last year.

Refineries rake in cash while consumers pay more for fuel

Outfits such as Exxon and Chevron, which not only extract oil and gas but also own refineries, are in the best position to profit from the current market conditions, said Tom Seng, assistant professor of energy finance at Texas Christian University. Refineries turn crude oil into gasoline, diesel, jet fuel and home heating oil. They're enjoying historically high "crack spreads," which is a term to describe the profits refineries expect to make based on the prices of oil and products such as gasoline and jet fuel, Seng said. In late July, refineries planning to buy a barrel of oil for about $80 were looking at potential profits of $50-$60, which is huge compared to the average range of $20-$25, he said.

"The return on refining, on a percentage basis, has skyrocketed," Seng said. "Oil right now is priced what it is priced because of the Iran war. But in the meantime, the refineries are making money hand over fist."

Globally, not all refineries have been able to get the supply of crude oil they need to meet demand since the conflict began, said Timothy Fitzgerald, a University of Tennessee professor of business economics who studies the petroleum industry.

As a result, refineries that have ample oil to work with, including those in the US, are turning high profits, particularly when they make jet fuel and diesel, which is priced about 41 per cent higher in the US than before the Strait of Hormuz was blocked. "If you're a company that owns a bunch of refinery capacity, things look pretty good," Fitzgerald said. American refineries are running at near-full capacity and poised to benefit because some refineries in the Middle East and Russia were damaged, while others in Asia can't get the amount of oil they used to from the Middle East.

"Ultimately, users of the energy services pay," Fitzgerald said. "Consumers, people like you and me buying retail motor gasoline or diesel fuel or aeroplane tickets. But it also means that almost everything else we buy has an embedded energy content to it ... and this is where you start to worry about it driving increases in costs."

How COVID conspiracy theories became a political force in America

Political amplification has given pandemic-era claims a new institutional reach

Art Jipson

DR Anthony Fauci invoked the Fifth Amendment and declined to answer questions from a Senate committee more than 100 times on July 29, 2026. The Republican-led hearing – convened to scrutinise Fauci's management of the pandemic and the origins of COVID-19 – was the latest chapter in a political story that began in 2020, when uncertainty, fear and frustration with the government became entangled with conspiracy theories. In the past six years, some of these theories have emerged from the margins of the internet and made their way into Republican politics, the MAGA movement, anti-vaccine communities and even white-nationalist extremist networks. Conspiracy theories do not simply explain events; they identify villains – and Fauci has become one of the most popular in this particular story.

In the years since the pandemic, US Sen. Rand Paul and others have accused Fauci of many things, but the central conspiracy accusation is that Fauci helped enable the COVID-19 pandemic through US-funded research at a lab in Wuhan, China, and then participated in a coordinated government-scientific cover-up, misleading Congress to conceal that connection and suppress the laboratory-leak explanation. Paul, a Republican, has repeatedly called for Fauci's prosecution.

In January 2025, President Joe Biden granted Fauci a preemptive pardon covering potential federal offences related to his government service since 2014. Fauci had not been charged with a crime, but critics portrayed the pardon as evidence that he had something to hide. Fauci has denied claims of wrongdoing and has testified multiple times before Congress.

The Fauci conspiracy is much bigger than Rand Paul, though. Paul may be its most persistent congressional promoter, but it's been amplified by a wider network of Republican lawmakers. Several Republican members of Congress, such as Rep. Steve Scalise, Rep. James Comer and former Rep. Brad Wenstrup, among others, have advanced versions of the Fauci/COVID-origin narrative. House Republicans formally investigated these claims for two years, while members repeatedly accused Fauci of suppressing the lab-leak theory and misleading the public. That investigation ultimately endorsed a central claim of the conspiracy narrative: the House GOP's COVID-19 investigation concluded the virus most likely leaked from a Wuhan lab, that Fauci helped shape a scientific paper dismissing that theory, and that he privately testified the "six feet apart" guidance "sort of just appeared" – though these are the conclusions of a partisan committee, not an independent inquiry, and Fauci and Democratic members have disputed them.

The Republican-led House subcommittee argued that US government–funded research may have contributed to the pandemic. The investigation did not establish that the virus was intentionally manufactured or released. Today, the scientific question of where SARS-CoV-2 originated remains unresolved

I'm an associate professor of sociology and criminology, and my scholarship focuses on far-right networks and digital radicalisation – the exact ecosystem where these conspiracy theories have taken root and spread. My research on how these movements evolve online and intersect with political activists and extremist networks was directly relevant to tracing how COVID-origin claims moved from fringe communities into mainstream political discourse.

Fauci's decision to invoke the Fifth Amendment, which he and his lawyer explained not only as a basic constitutional right but also as a strategy to avoid the possibility that Paul might try to prosecute him for lying to Congress based on anything he might say, may be politically explosive and provide his opponents with another talking point. But, in my assessment, the spectacle says more about what happens when conspiracy theories become embedded in political institutions than it does about the origins of COVID-19.

From uncertainty to conspiracy

COVID-19 created the conditions in which conspiracy theories flourish: enormous uncertainty, frightening consequences, rapidly changing information and distrust of institutions. People wanted explanations. Why did the virus appear in Wuhan? Why did recommendations about masks change? How were vaccines developed so quickly? These questions were legitimate. Problems emerged when those questions became connected to a predetermined conclusion: Powerful people either created the pandemic or concealed the connection to the lab in Wuhan.

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