

COVID-19

Air travel turns up but outlook uncertain

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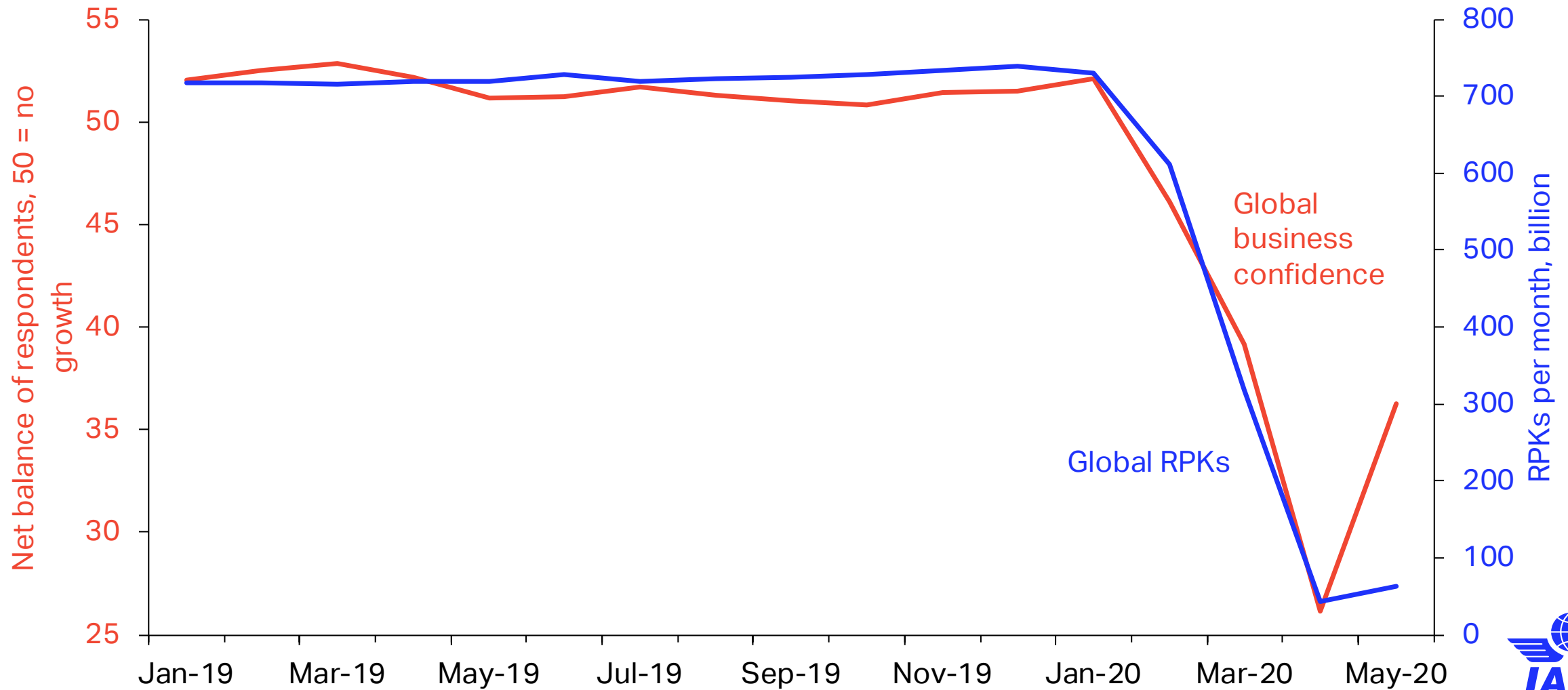
1st July 2020



Global air travel (RPKs) began to increase in May

-91.3% y-o-y vs -94% in April, but lagging rise in business confidence

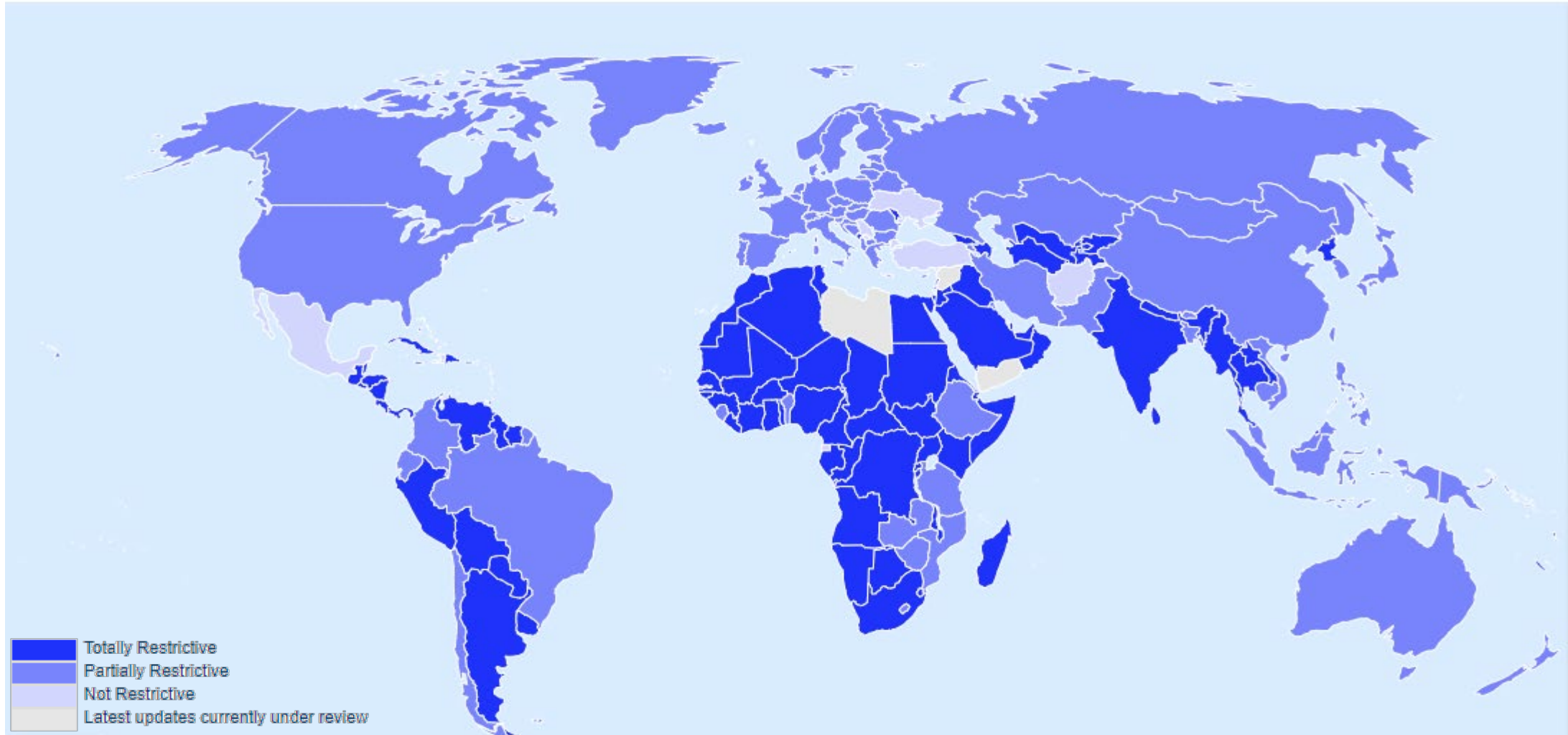
Global RPKs and global business confidence, monthly



Border restrictions have not yet been widely relaxed

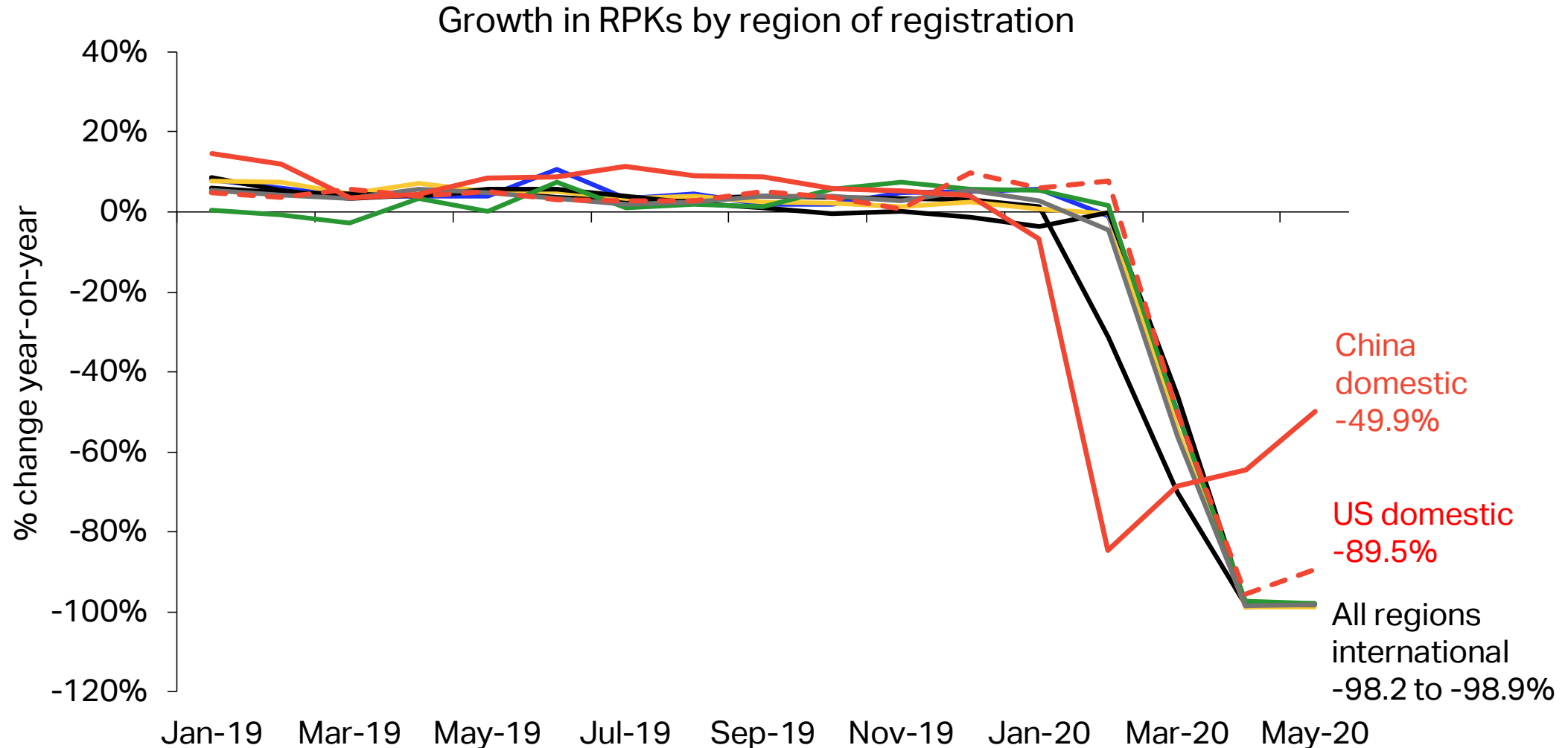
This is one reason why international air travel has yet to resume

Current Border Restrictions, as of 30 June



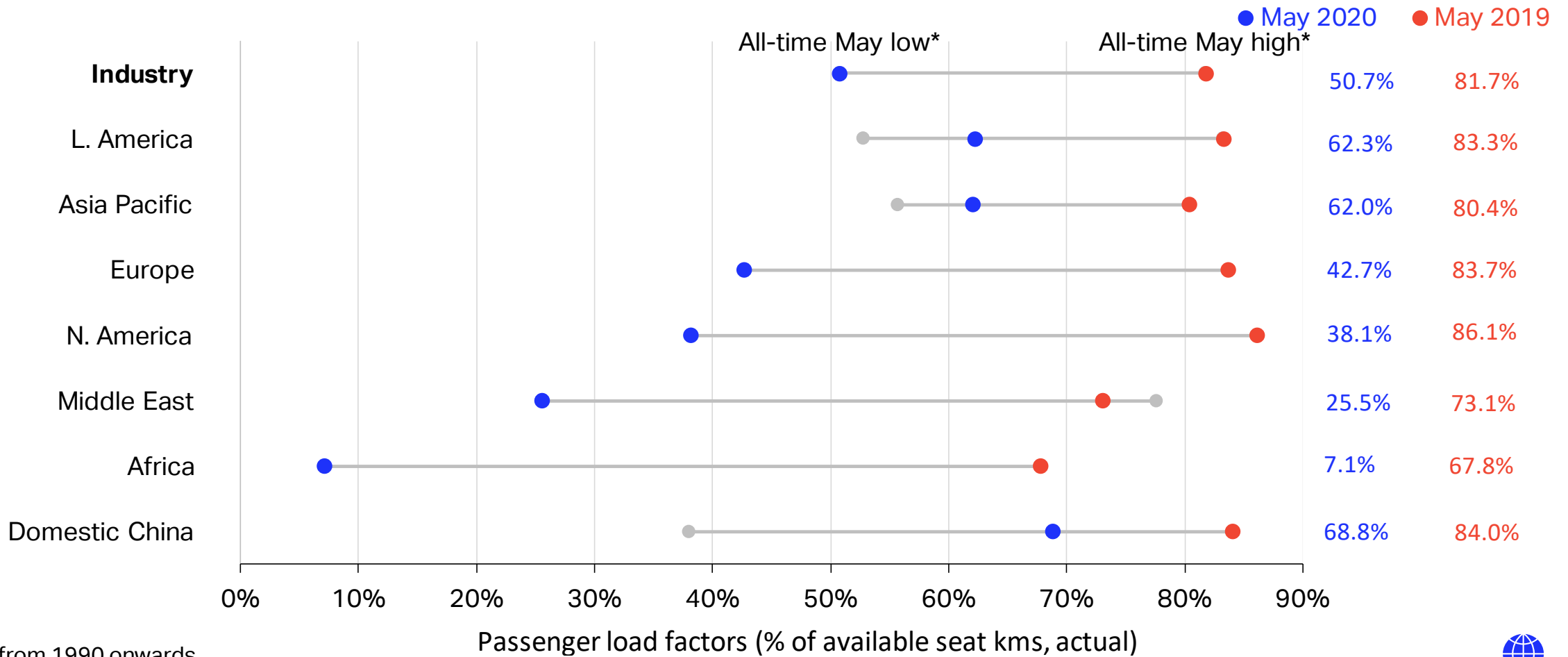
Only domestic air travel rose with most borders closed

No improvement in international as quarantine equivalent to travel ban



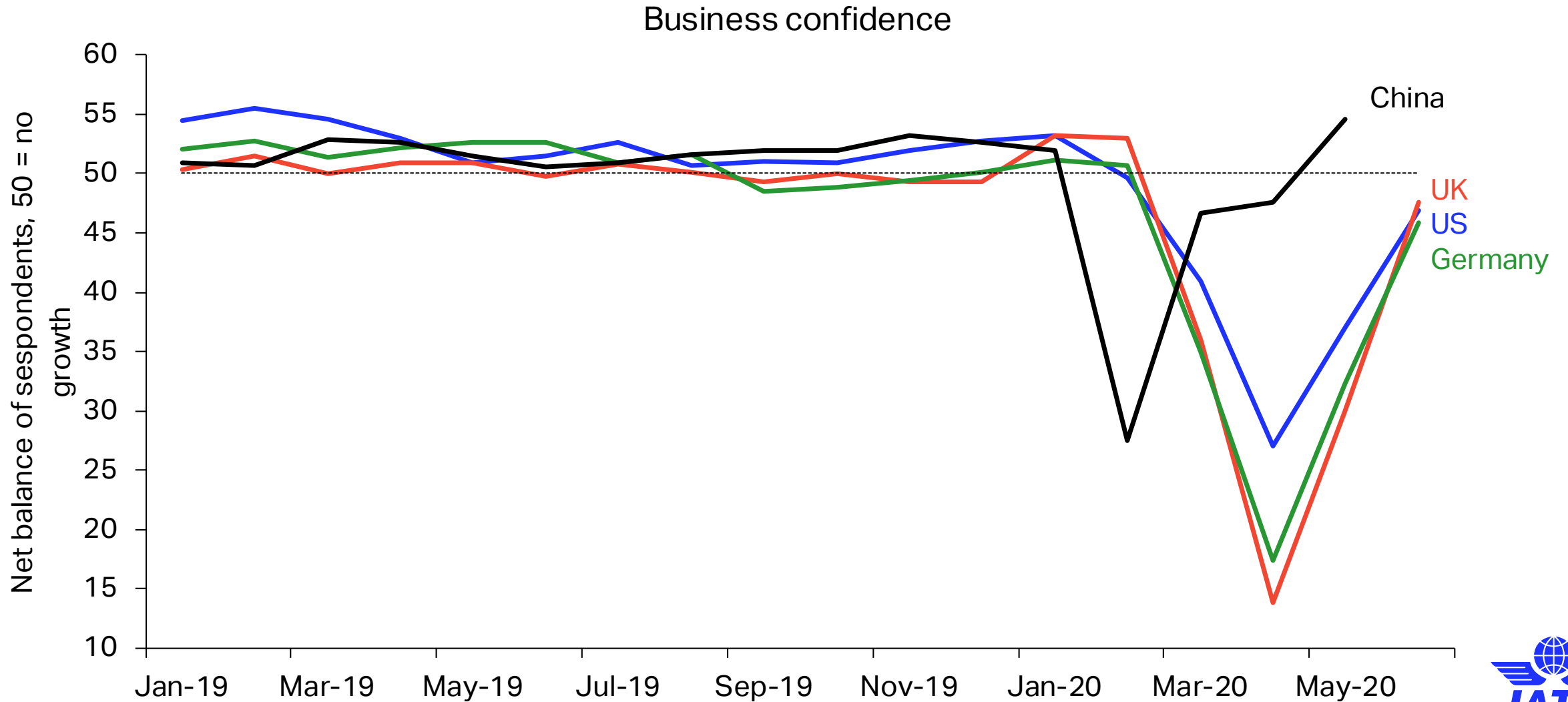
All-time low for industry passenger load factor in May

But encouragingly China's domestic load factor is rising significantly



Businesses expect a 'V-shaped' economic recovery

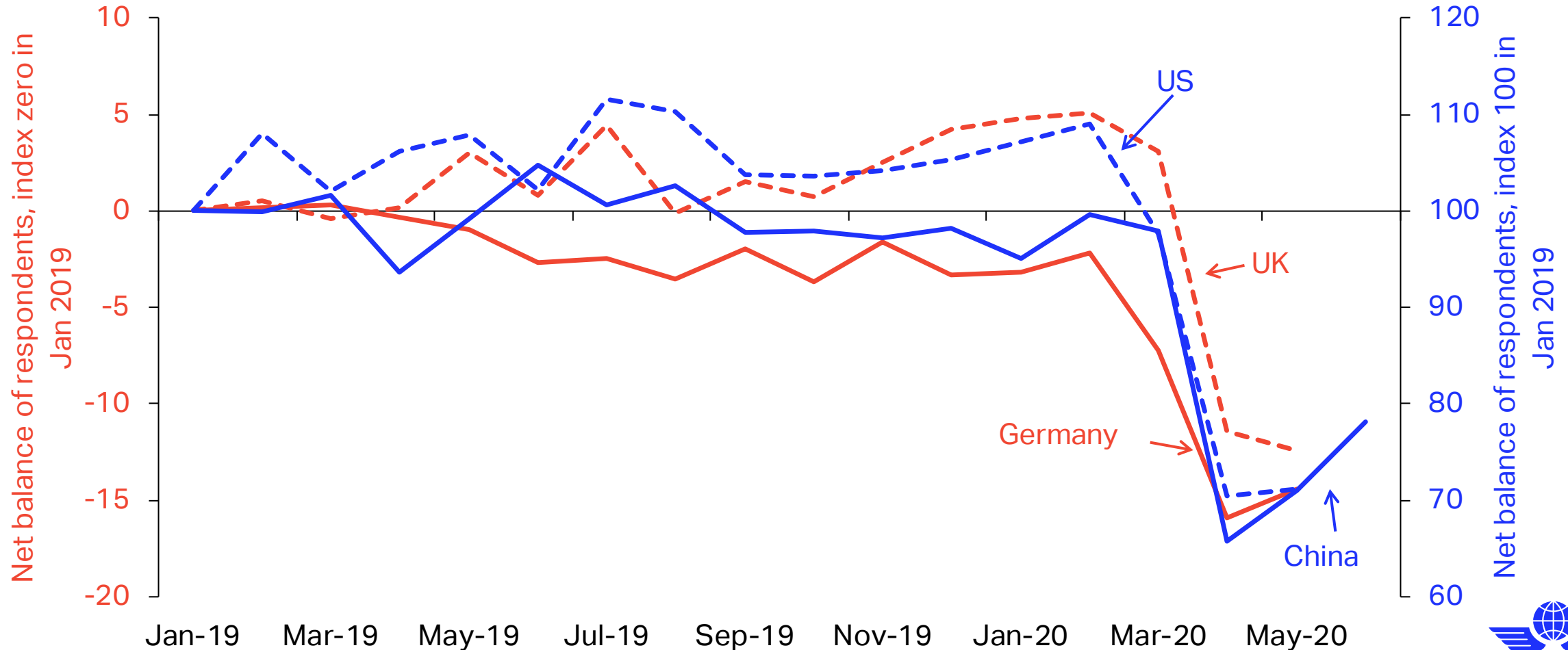
Unfortunately, survey evidence suggests corporate travel will be weak



Whereas consumer confidence is still weak

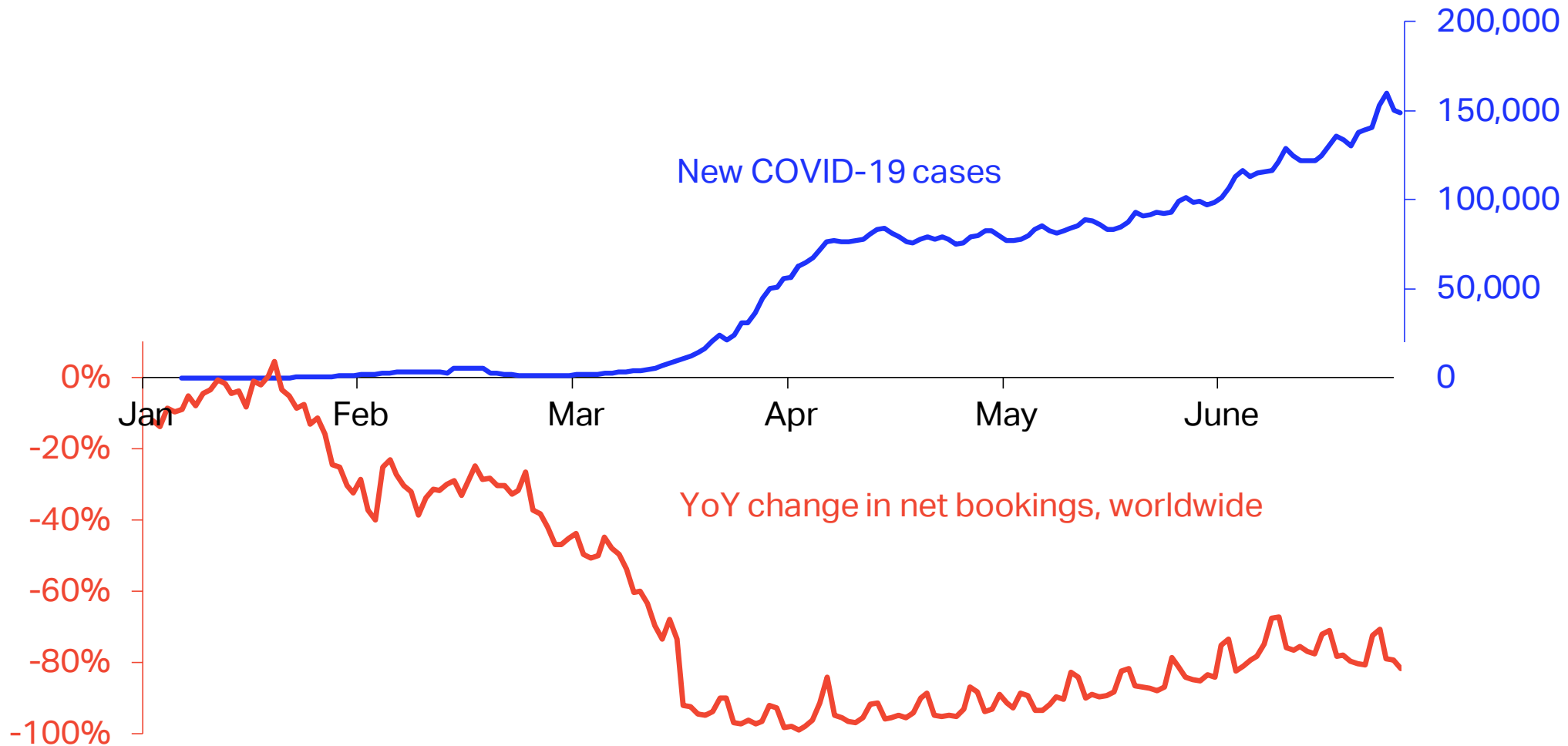
Will be pent-up demand for VFR but leisure travel requires confidence

Consumer confidence



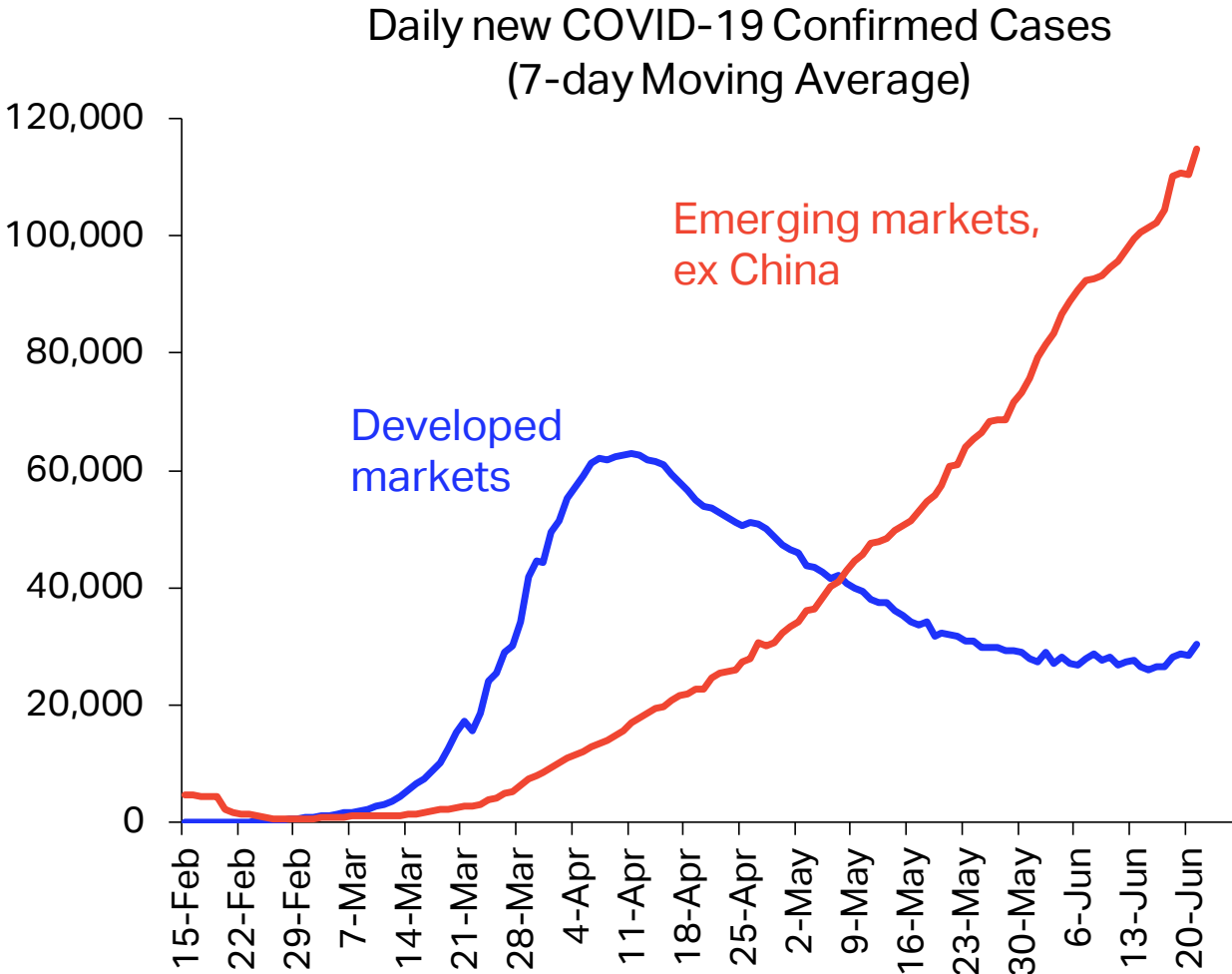
Recent rise of COVID-19 cases weakened bookings

June bookings stronger than May (-77% vs -86%) but no clear trend

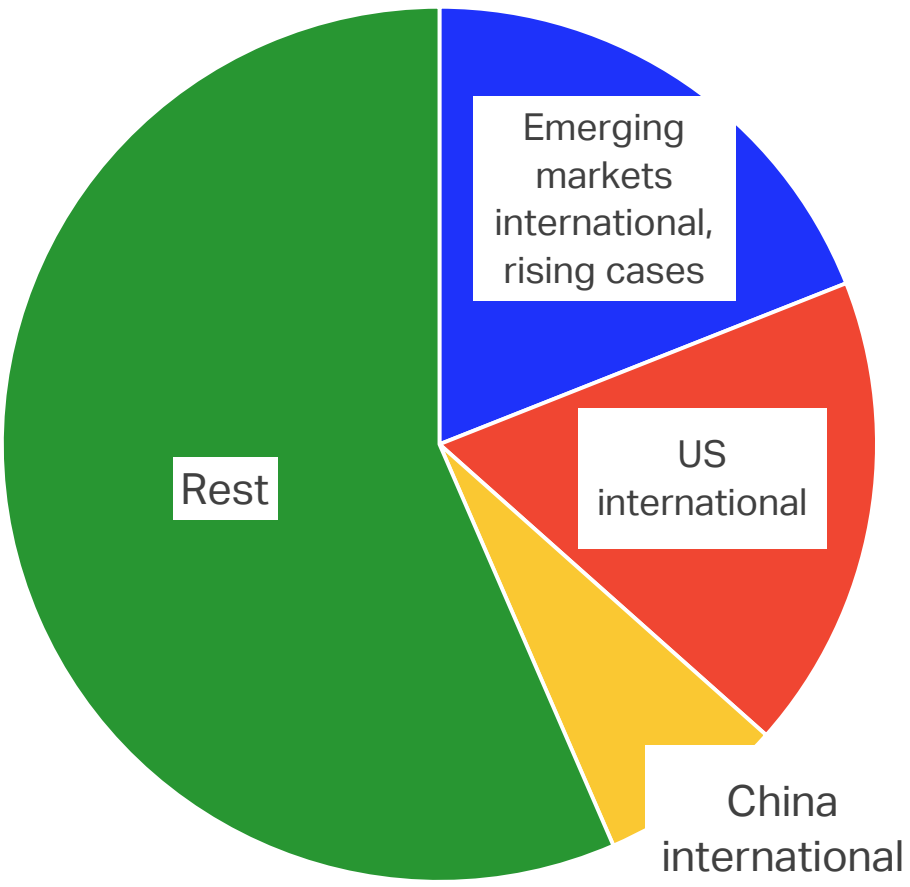


Rising COVID-19 cases risk to international air travel

Emerging markets with rising cases + US international = 37% RPKs



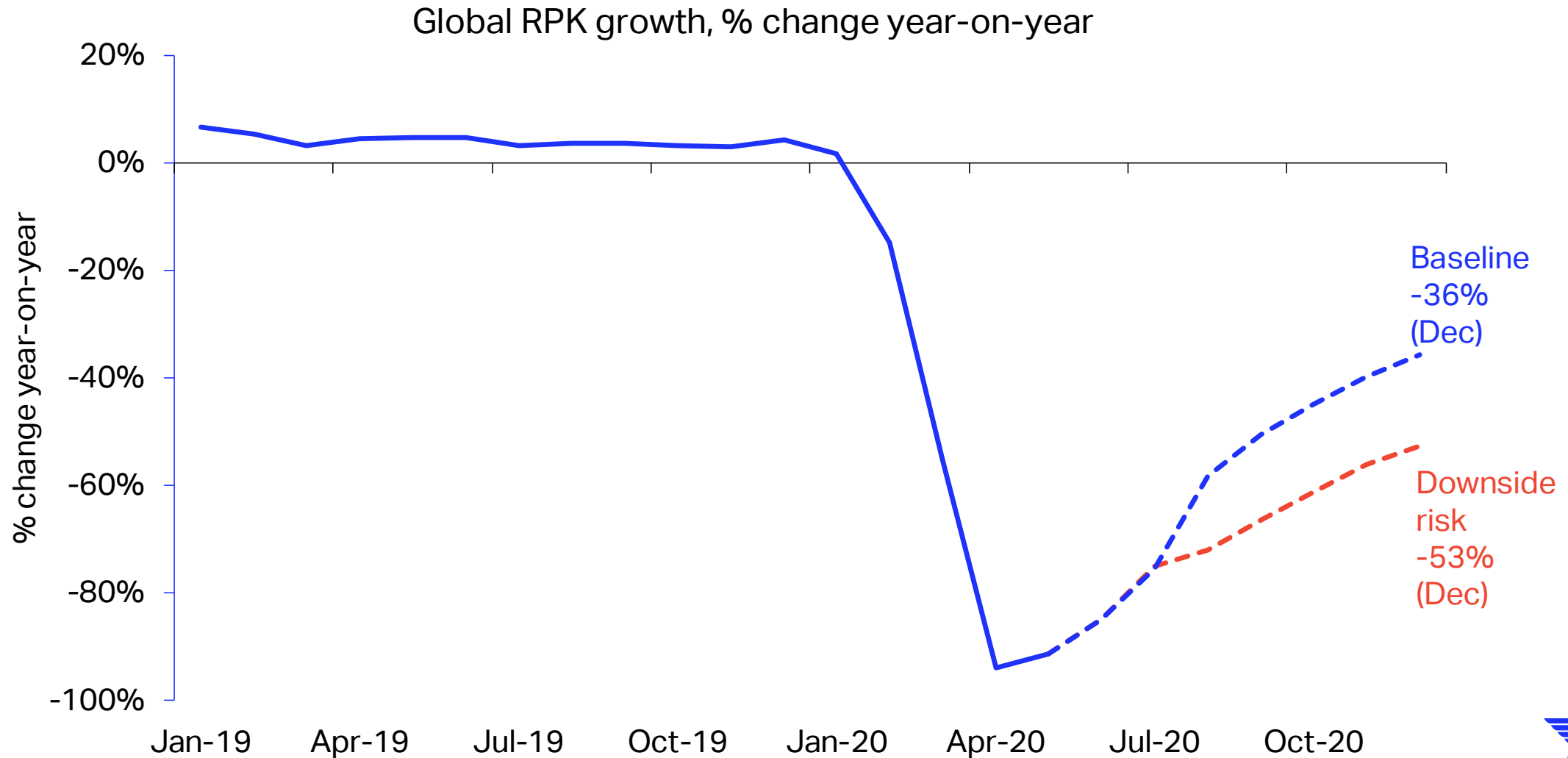
Share of global RPKs, O-D basis, 2019



Source: IATA Economics using data from WHO and IATA Statistics

Risk of slower recovery if EM+US international closed

December global RPK growth -36% in baseline but risk of -53%



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