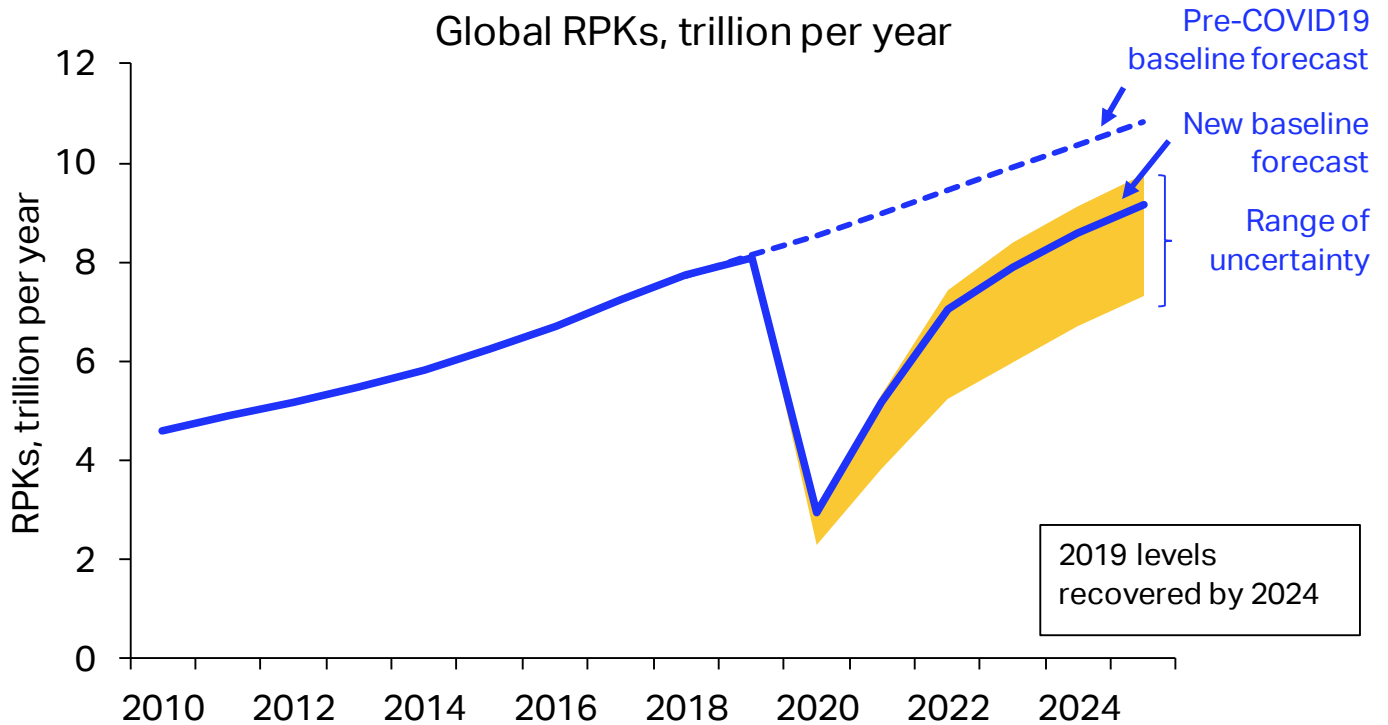




IATA Economics' Chart of the Week

30 July 2020

Five years to return to the pre-pandemic level of passenger demand



Source: IATA/Tourism Economics Air Passenger Forecasts

- We have recently released an interim update to our long-term Air Passenger forecasts to take into account our evolving understanding of the trajectory of COVID-19 and its impact on the wider economy and air travel. Today's chart shows the expected evolution of passenger demand over the next five years (solid blue line).
- This week's [monthly traffic note](#) for June confirmed that air travel reached a turning point in April, with signs of a very modest improvement in May and June. Overall, air travel demand is down by 58.4% in the first half of 2020 compared to the same period of last year.
- Having said that, the trajectory of new COVID-19 cases has been worse than we expected in our April forecast update. While business confidence (and we think GDP growth) has rebounded, consumer confidence has not. We will likely see a degree of pent-up demand to visit friends and family in the near-term as travel restrictions are lifted but we are less optimistic about the return of business (in particular) and leisure travel. As a result, we have revised down our passenger forecast over the next five-year period. In our new forecasts, we expect RPKs to decline by a little more than 60% in 2020 compared to 2019, with a return to pre-COVID levels not occurring before 2024.
- Many uncertainties remain around the outlook and in this update we have investigated various possible future scenarios. The main point is that the risks around our latest forecast remain clearly tilted to the downside, as depicted by the yellow shaded 'range of uncertainty' on today's chart. The upside could see travel demand return to 2019 levels in 2023, while the downside could be much more severe.

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