Air Passenger Market Analysis

April 2021

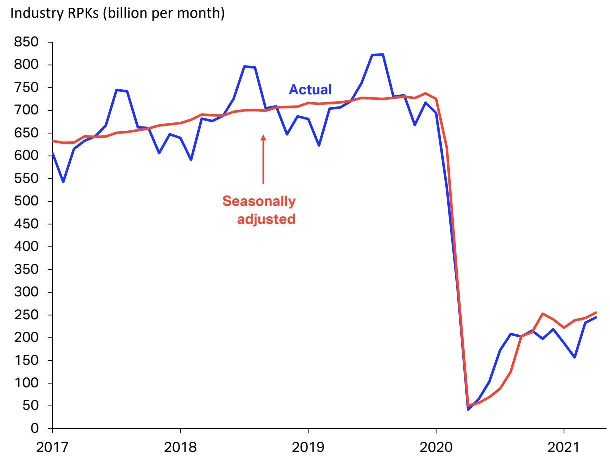
Recovery in air travel remains uneven

- Passenger traffic continued to improve in April with the support of ongoing recovery in domestic markets. However, industry-wide revenue passenger-kilometres (RPKs) were still 65.4% lower compared to the pre-crisis level (April 2019) since international side remained weak due to tight travel restrictions.
- Airlines continued to expand capacity. Industry-wide seasonally adjusted available seat-kilometres picked-up month on month by 3.0% in April.
- The strength of global economic recovery and decline in new COVID-19 cases globally raise some hope for future travel demand. Bookings in May point to a recovery in both the domestic and international travel.

Air travel improved in April…

Air travel demand continued to improve in April following the rebound in March. Seasonally adjusted (SA) RPKs increased by 5.1% compared to the prior month. However, industry-wide revenue passenger-kilometers (RPKs) were still 65.4% lower compared to the pre-crisis period (April 2019). This was a moderate improvement compared to the previous month (RPKs were 66.9% down in March 2021 vs March 2019) **(Chart 1)**.

Chart 1 – Air passenger volumes



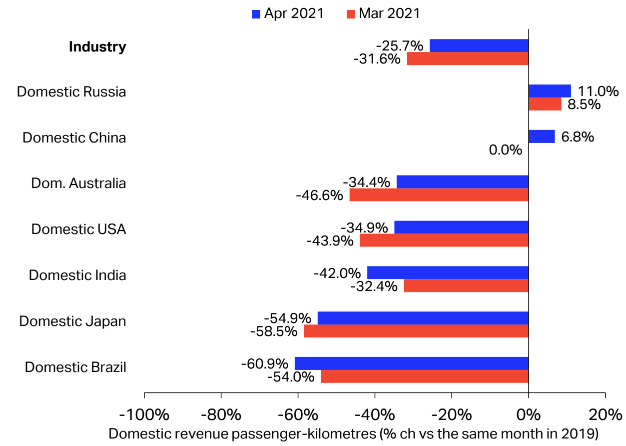
Sources: IATA Economics, IATA Monthly Statistics

Sustained recovery in domestic travel…

The recovery in domestic travel extended into April, albeit at a slower pace compared to the previous month. Domestic RPKs declined by 25.7% in April compared with pre-crisis period (April 2019), after posting a 31.6% decline in March.

Recoveries in domestic markets were reliant on the pace of vaccination and control of new COVID-19 waves. Amongst key domestic markets, traffic in China jumped above pre-crisis levels in April **(Chart 2)**. Russia domestic continued to strengthen (11% above pre-crisis) since domestic travel benefits from a shift from international to local destinations due to restrictions. In addition, government promotions to support local destinations amid the pandemic was supportive for domestic travel demand.

Chart 2 – Domestic RPK growth versus the same month in 2019, registration basis



Sources: IATA Economics, IATA Monthly Statistics

As a result of the rapid vaccine rollout, US domestic travel demand continued to strengthen, and it is expected to make a full recovery by the end of this year or early 2022. Domestic traffic in Australia rebounded with the support of leisure travel as international travel restrictions with the exception of some new travel bubbles remained in place. On the

Air passenger market overview - April 2021

	World share [1]	April 2021 (% ch vs the same month in 2019)				April 2021 (% year-on-year)			
		RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]	RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**-65.4%**	**-54.5%**	**-19.8%**	**63.3%**	**483.9%**	**245.4%**	**25.9%**	**63.3%**
International	*45.7%*	-87.3%	-76.0%	-39.0%	43.8%	667.9%	407.9%	14.8%	43.8%
Domestic	*54.3%*	-25.7%	-15.3%	-10.4%	73.4%	443.9%	196.5%	33.4%	73.4%

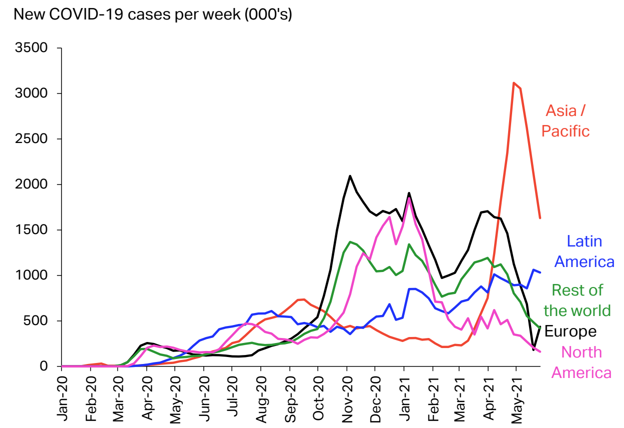
[1]% of industry RPKs in 2020 [2]Change in load factor vs. the same month in 2019 [3]Load factor level

other hand, domestic traffic in India and Brazil continued to deteriorate amid a surge in new COVID-19 cases with new variants and imposition of new restrictions.

COVID-19 cases fell globally but new variants remain as the main concern…

Global new daily COVID-19 cases have declined since the end of April following a surge started mid-February **(Chart 3)**. However, some countries in Asia-Pacific and Latin America were hit by new variants. Following an exponential rise of COVID-19 cases, new cases have started to come down in India, but daily cases are still elevated resulting in local restrictions. In addition, concerns regarding transmission of new variants remains a concern. On the other hand, new cases in North America and Europe have significantly declined as vaccinations continue. As a result, local restrictions are gradually starting to ease ahead of the summer holiday season in Europe.

Chart 3 – New COVID cases by group of economies

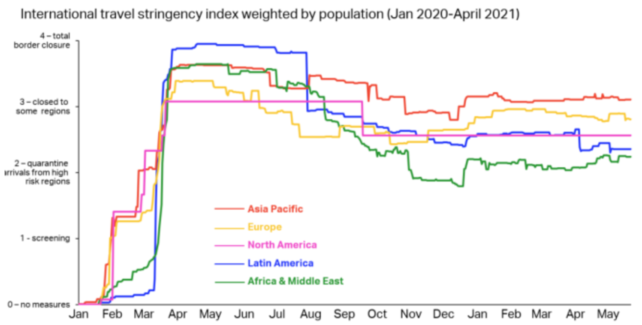


Source: ECDC

Travel restrictions remain tight

International restrictions remain tight even in the regions where vaccination rollout progresses, such as North America and Europe **(Chart 4)**.

Chart 4 – Stringency of government international air travel measures by region



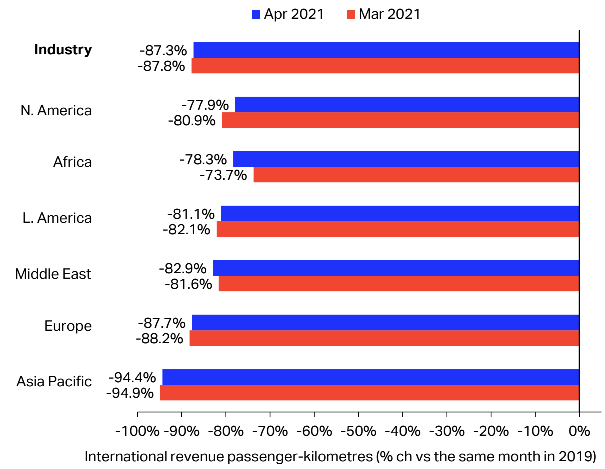
Source: IATA Economics analysis based on Oxford University data

Only in Latin America were restrictions eased compared to March, but they are still strict, as there are quarantine requirements. Emergence of new variants are the main concern of governments and deter authorities from lifting travel restrictions. However, gradual and cautious opening ahead of holiday season is expected in some regions.

International travel stagnated at low levels…

Global international RPKs were still 87.3% lower than pre-crisis levels (April 2019) in April 2021. The contraction was similar to the previous month (-87.8%). All regions contributed to the decline. **(Chart 5).** North America was the best performing region as vaccination rollout gained pace in the region. African airlines were the second best performer since travel restrictions are less strict and COVID-19 cases are stable in the region.

Chart 5 – International RPK growth versus the same month in 2019 (airline region of registration basis)



Sources: IATA Economics, IATA Monthly Statistics

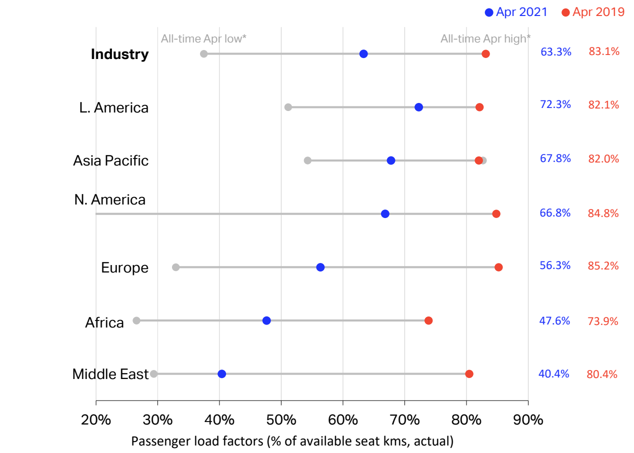
Airlines continued to add capacity…

Industry-wide seasonally adjusted available seat-kilometres (SA ASKs) picked-up month on month by 3.0% in April. The gap in capacity compared with the pre-crisis period eased in April. Industry-wide capacity, measured in available seat-kilometres (ASKs) declined by 54.5% compared to pre-crisis level, after a 56.3% fall in March 2021. The largest fall was in Europe (-72.0%) as international traffic there had a substantial share before COVID-19 started. On the other hand, the capacity in North America and Asia Pacific regions contracted the least with the support of large domestic markets. While in North America, ASKs were 37.4% lower in April 2021 compared with March 2021, in Asia Pacific ASKs went down by 48.3%.

Load factors continued to improve on the back of a rebound in load factors in North America. The industry-wide metric was at 63.3% in April, 19.8 ppts lower compared with April 2019 (**Chart 6**). Latin America remained the region with the highest load factor. While load factors rebounded in North America, they deteriorated in other regions except for

Asia-Pacific, in seasonally adjusted terms compared to the previous month.

Chart 6 – Passenger load factors by region



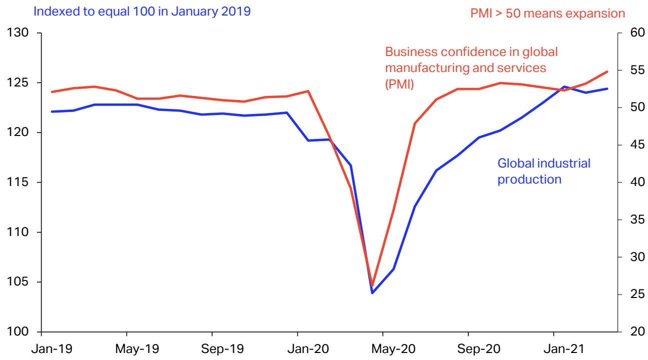
Sources: IATA Economics, IATA Monthly Statistics

*Data from 1990 onwards

... Economic backdrop remains strong

Economic activity is strong even though there are uncertainties regarding the pandemic developments. Global industrial production and business confidence indices are above pre-crisis levels (**Chart 7**). Although government restrictions are preventing a rebound in air travel, economic activity indicators are favorable for the recovery in travel demand.

Chart 7 – Global industry production and business confidence

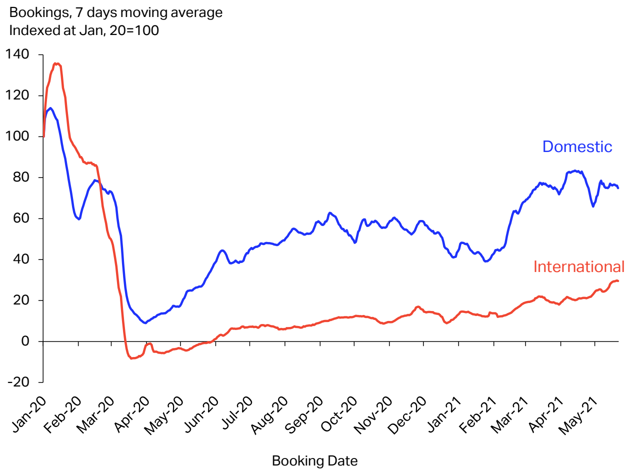


Source: IATA Economics using data from Netherlands CPB and IHS Markit

...international travel bookings are picking up ...

While bookings for domestic travel were relatively stable in May, international travel bookings picked up from very low levels **(Chart 8)**. Bookings for international travel jumped by c.25% in the month of May compared to the month of April. Since passengers are booking their trips close to the travel date, the recovery for summer travel would gain further momentum once the uncertainties regarding restrictions ease.

Chart 8 – Trends in passenger bookings (domestic vs international)

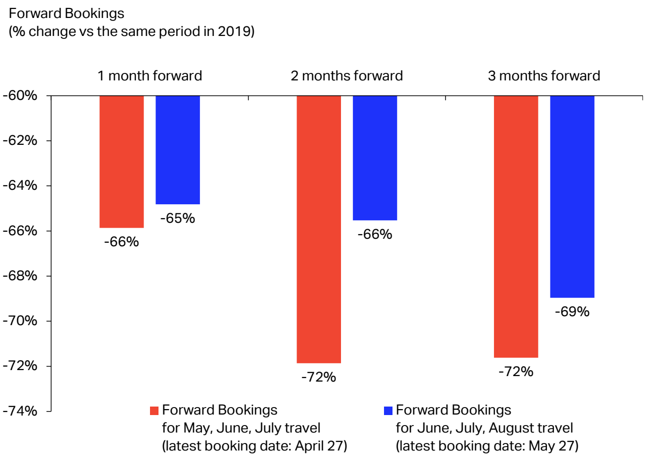


Source: IATA Economics using DDS

Early bookings indicate revival of demand in summer

Early bookings for June-August travel period point to an improvement, although passengers continue to book close to the travel date **(Chart 9).** Red and blue bars in the chart below show forward bookings made at the end of April and May, respectively. Bookings for one-month forward travel were c.65% lower compared to the same period of 2019 similar to the forward bookings for May. Nevertheless, the improvement in two months forward travel bookings is robust (-72% vs -66%), indicating the start of revival of demand for summer travel.

Chart 9 –Trends in forward bookings



Source: IATA Economics using DDS

IATA Economics
economics@iata.org
9th June 2021

Air passenger market detail - April 2021

To aid understanding, the table includes both % comparisons with pre-crisis 2019 months and 2020 months.

	World share [1]	April 2021 (% ch vs the same month in 2019) RPK	ASK	PLF (%-pt) [2]	PLF (level) [3]	April 2021 (% year-on-year, 2020) RPK	ASK	PLF (%-pt) [2]	PLF (level) [3]
TOTAL MARKET	***100.0%***	**-65.4%**	**-54.5%**	**-19.8%**	**63.3%**	**483.9%**	**245.4%**	**25.9%**	**63.3%**
Africa	*1.9%*	-76.7%	-63.8%	-26.2%	47.6%	1190.1%	619.5%	21.1%	47.6%
Asia Pacific	*38.6%*	-57.2%	-48.3%	-14.2%	67.8%	255.4%	184.6%	13.5%	67.8%
Europe	*23.7%*	-81.5%	-72.0%	-28.9%	56.3%	780.2%	414.4%	23.4%	56.3%
Latin America	*5.7%*	-64.7%	-59.9%	-9.8%	72.3%	799.9%	536.5%	21.2%	72.3%
Middle East	*7.4%*	-81.7%	-63.4%	-40.1%	40.4%	550.0%	372.5%	11.0%	40.4%
North America	*22.7%*	-50.7%	-37.4%	-18.0%	66.8%	1407.7%	224.7%	52.4%	66.8%
International	***45.7%***	**-87.3%**	**-76.0%**	**-39.0%**	**43.8%**	**667.9%**	**407.9%**	**14.8%**	**43.8%**
Africa	*1.6%*	-78.3%	-64.0%	-29.1%	43.9%	1556.2%	678.8%	23.3%	43.9%
Asia Pacific	*11.0%*	-94.4%	-86.3%	-47.7%	33.5%	216.2%	178.8%	4.0%	33.5%
Europe	*18.5%*	-87.7%	-78.2%	-37.3%	48.4%	940.0%	546.7%	18.3%	48.4%
Latin America	*2.2%*	-81.1%	-75.8%	-18.0%	64.6%	984.1%	686.0%	17.8%	64.6%
Middle East	*7.0%*	-82.9%	-65.3%	-41.1%	39.6%	502.8%	339.1%	10.8%	39.6%
North America	*5.5%*	-77.9%	-59.3%	-37.8%	45.0%	1438.2%	702.1%	21.6%	45.0%
Domestic	***54.3%***	**-25.7%**	**-15.3%**	**-10.4%**	**73.4%**	**443.9%**	**196.5%**	**33.4%**	**73.4%**
Dom. Australia [4]	*0.7%*	-34.4%	-26.4%	-8.7%	72.0%	2332.1%	909.1%	42.1%	72.0%
Domestic Brazil [4]	*1.6%*	-60.9%	-58.7%	-4.2%	77.6%	465.4%	380.2%	11.7%	77.6%
Dom. China P.R. [4]	*19.9%*	6.8%	16.3%	-6.9%	78.2%	201.8%	156.5%	11.7%	78.2%
Domestic India [4]	*2.1%*	-42.0%	-15.7%	-27.3%	60.3%	N/A	N/A	N/A	60.3%
Domestic Japan [4]	*1.5%*	-54.9%	-32.6%	-22.8%	46.2%	244.9%	41.3%	27.3%	46.2%
Dom. Russian Fed. [4]	*3.4%*	11.0%	12.4%	-1.0%	79.9%	543.5%	198.9%	42.8%	79.9%
Domestic US [4]	*16.6%*	-34.9%	-24.0%	-12.4%	73.5%	1473.6%	181.4%	60.3%	73.5%

[1] % of industry RPKs in 2020 [2] Change in load factor vs same month in 2019 [3] Load factor level

[4] Note: the seven domestic passenger markets for which broken-down data are available account for approximately 46% of global total RPKs and 84% of total domestic RPKs

Note: The total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registrated; it should not be considered as regional traffic.

Statistics compiled by IATA Economics used direct airline reporting complemented by estimates, including the use of FlightRadar24 data provided under license.