

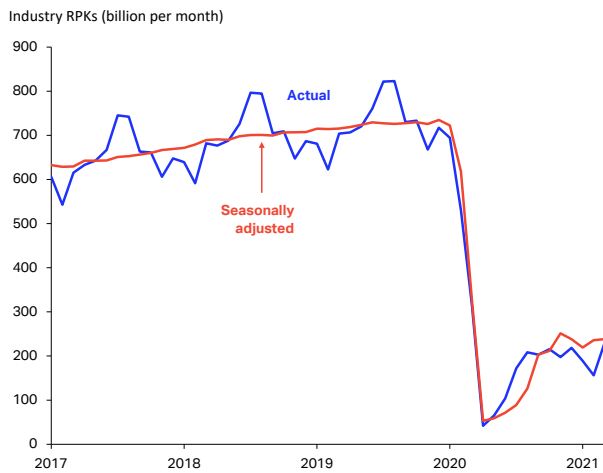
Domestic air travel is the driver of recovery

- Passenger traffic improved in March but remained significantly below pre-COVID levels. Industry-wide revenue passenger-kilometers (RPKs) were 67.2% lower compared to the pre-crisis level (March 2019).
- The recovery was driven by the rebound in domestic travel (down 32.3% vs March 2019), particularly in China. On the other hand, international travel was subdued (down 87.8% vs March 2019) due to strict travel restrictions.
- Bookings in April point to a stabilization in domestic recovery amid resurging pandemic and uneven pace of vaccine rollout. Nevertheless, the strength of global economic recovery and early bookings for May-July period raise some hope for future travel demand.

Rebound in air travel in March...

Air travel demand improved in March with the support of the rebound in domestic travel. In March 2021, industry-wide revenue passenger-kilometers (RPKs) were 67.2% lower compared to the pre-crisis level (March 2019). Although this is a weak outcome, it is still a progress compared to the previous month since the same metric had fallen by 74.9% in February. Seasonally adjusted (SA) RPKs showed slight progress compared to the prior month, as well (**Chart 1**).

Chart 1 – Air passenger volumes



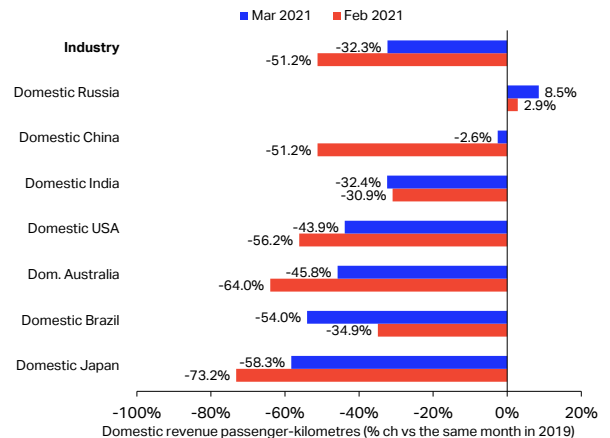
Sources: IATA Economics, IATA Monthly Statistics

Domestic markets lead the recovery...

The uptick in passenger demand was driven by the rebound in domestic markets. Domestic RPKs fell by 32.3% in March compared with pre-crisis period (March 2019), after posting 51.2% decline in February.

Recoveries in domestic markets were reliant on the pace of vaccination and the strictness of lock-down measures. Domestic China was the key contributor to the increase in domestic traffic following the relaxation of travel restrictions imposed in February (**Chart 2**). Among key domestic markets, Russia domestic remained well above pre-crisis levels as COVID-19 cases remain stable, while the US domestic trended upwards in the face of rapid vaccine rollout. Domestic Australia and Japan also showed steep recovery. On the other hand, the recovery in Brazil reversed as the authorities tightened restrictions amid rising COVID-19 cases and hospitalization rates.

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



Sources: IATA Economics, IATA Monthly Statistics

COVID-19 cases resurge globally...

Global new daily COVID-19 cases have risen sharply since mid-February, particularly in Asia-Pacific and

Air passenger market overview - March 2021

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

	World share ¹	March 2021 (% ch vs the same month in 2019)				March 2021 (% year-on-year, 2020)			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	-67.2%	-56.8%	-19.7%	62.3%	-26.3%	-29.7%	2.9%	62.3%
International	45.7%	-87.8%	-77.4%	-37.2%	43.7%	-70.7%	-58.7%	-17.8%	43.7%
Domestic	54.3%	-32.3%	-20.5%	-12.5%	71.6%	36.9%	8.3%	15.0%	71.6%

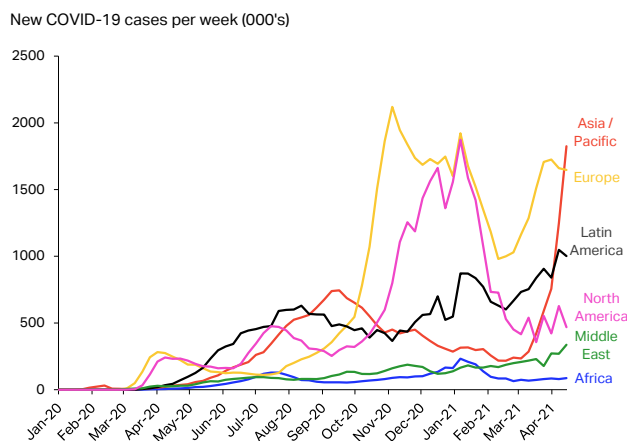
¹% of industry RPKs in 2020

²Change in load factor vs same month in 2019

³Load factor level

Latin America due to the emergence of new variants (**Chart 3**). Lately, India has seen a big spike, causing other countries to impose travel bans. Although some improvement has been seen recently in Europe, daily cases remain elevated resulting in the extension of lockdown measures in some countries. On the other hand, new cases in North America have significantly declined as vaccinations continue. The Middle East has shown diversion across countries. While countries with rapid vaccination rollout such as Israel are close to reach herd immunity, other countries, such as Iran and Iraq are facing new waves.

Chart 3 – New COVID cases by group of economies

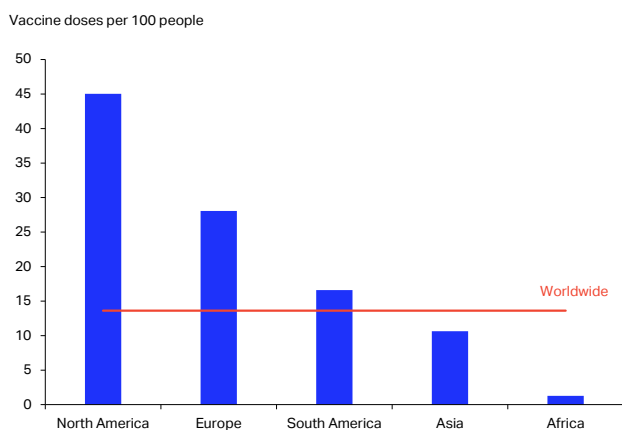


Source: ECDC

Vaccination progress is uneven...

Vaccine rollout has gained pace since the end of February. Cumulative vaccinations worldwide have risen from 3.3 doses per 100 people in February to 13.6 doses per 100 people in April.

Chart 4 – Vaccine doses per 100 people



Source: Ourworldindata.org

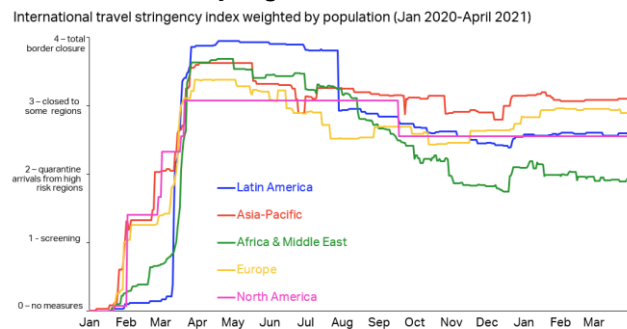
Nevertheless, the pace of vaccination is uneven between regions. (**Chart 4**). Among the main regions, North America has progressed more quickly than

other regions while vaccinations have barely started in Africa.

... hence governments maintain travel restrictions

There is not noticeable ease of international restrictions even in the regions with fast vaccination rollout (**Chart 5**). Emergence of new variants and rising cases are preventing governments from lifting travel restrictions.

Chart 5 – Stringency of government international air travel measures by region

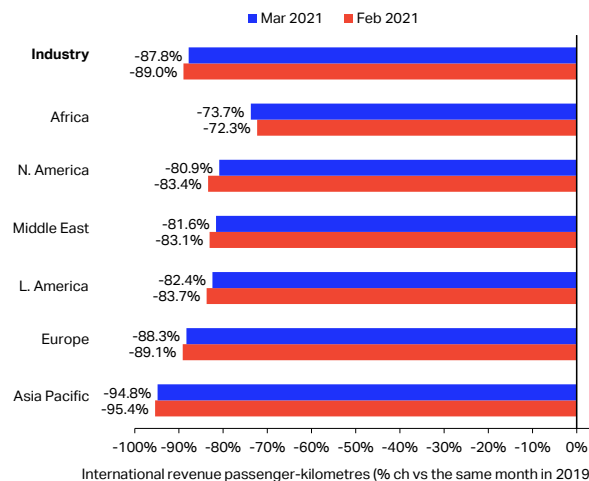


Source: IATA Economics analysis based on Oxford University data

All international markets remained weak in March...

Global international RPKs fell by 87.8% in March 2021 versus March 2019 – only 1.2 percentage points (ppts) smaller contraction compared with the previous month. All the regions contributed to the decline. (**Chart 6**). Africa was the best performing region for the sixth consecutive month since travel restrictions are less strict and COVID-19 cases are stable in the region.

Chart 6 – International RPK growth versus the same month in 2019 (airline region of registration basis)



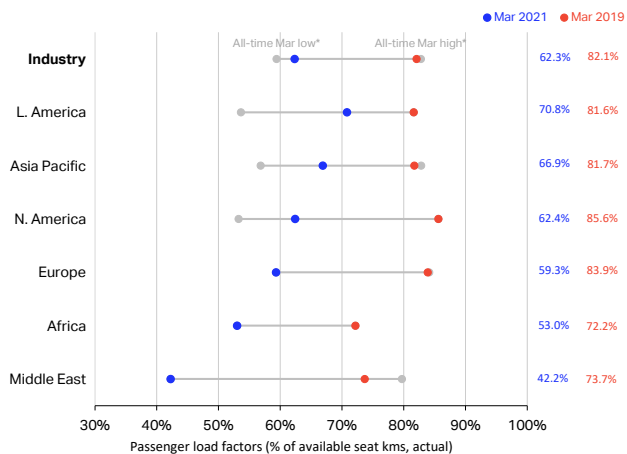
Sources: IATA Economics, IATA Monthly Statistics

Capacity continue to recover...

Industry-wide available seat-kilometres (ASKs) declined 56.8% compared to pre-crisis level, compared to a 63.3% fall in February. SA ASKs picked-up (1.6%), as well. The largest fall was in Europe (-74.1%), while the capacity in North America continued to expand (- 41.3% vs March 2019).

Load factors remained stable in seasonally adjusted terms. The industry-wide metric was at 62.3% in March, 19.7 pts lower compared with March 2019. While load factors recovered back from record low levels in Asia-Pacific and North America, other regions continue to post record low values for the month. Latin America remained the region with the highest load factor (Chart 7).

Chart 7 – Passenger load factors by region

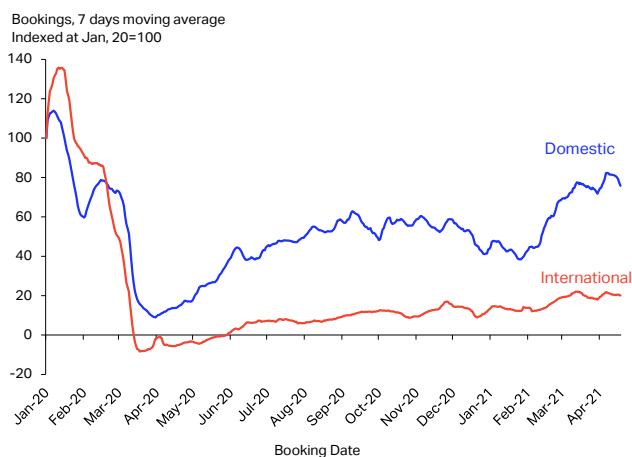


Sources: IATA Economics, IATA Monthly Statistics *Data from 1990 onwards

...domestic bookings slowdown in April...

Bookings in April indicate stabilization in domestic travel while international travel bookings remain stable at low levels (Chart 6). Since passengers are booking their travel close to the travel date, the recovery in passenger traffic is likely to stabilize in the month of April.

Chart 8 – Trends in forward passenger bookings



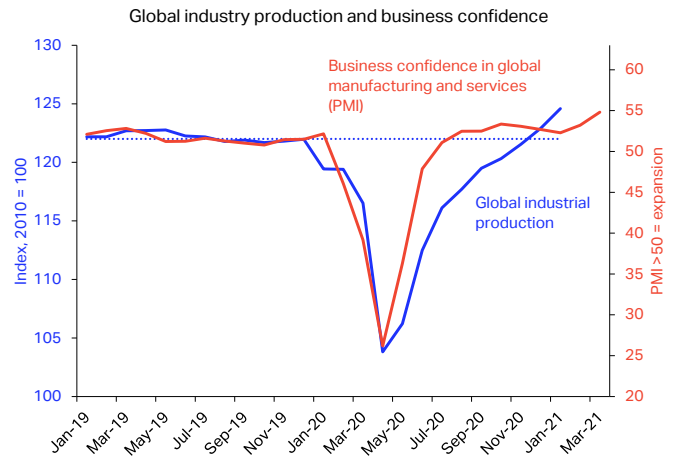
Source: IATA Economics using DDS

... Economic rebound raises hope for future demand

Economic activity rebounds globally despite rising Covid-19 cases. Both global industrial production and business confidence indices trend upwards and they are above their pre-crisis levels. Although government restrictions and rising cases are preventing a rebound

in air travel, strong economic activity is encouraging for future travel demand.

Chart 9 – Global industry production and business confidence

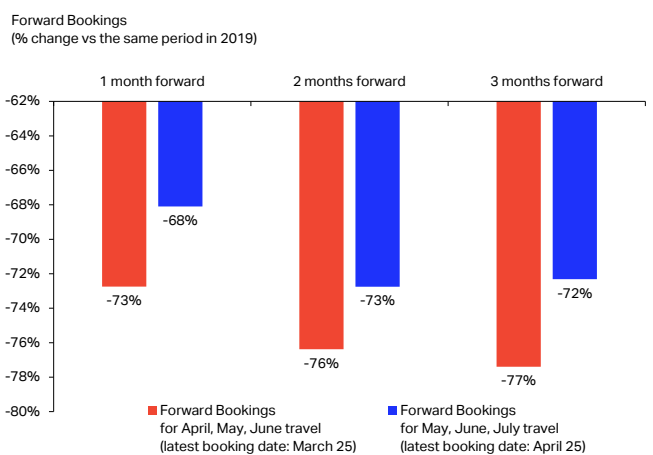


Source: IATA Economics using data from Markit and Netherlands CPB.

Early bookings for May-July raise hope for the summer

Although high proportion of bookings are made close to the travel date, early bookings for May-July period point to a moderate progress (Chart 10). Red and blue bars in the chart below show forward bookings made at the end of March and April, respectively. While at the end of March (red bars), bookings for one-month forward (April) travel were 73% lower compared to the same period of 2019, one-month forward bookings (May) as the end of April are 68% below their level in 2019. Similar improvement is seen in two- and three-months forward travel bookings, indicating that the recovery in air travel demand, which is expected to stall in April shows initial signs of improvement in May-July period.

Chart 10 – Trends in forward passenger bookings



Source: IATA Economics using DDS

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 4th May 2021

Air passenger market detail - March 2021

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

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TOTAL MARKET	100.0%	-67.2%	-56.8%	-19.7%	62.3%	-26.3%	-29.7%	2.9%	62.3%
Africa	1.9%	-71.8%	-61.6%	-19.2%	53.0%	-41.0%	-36.9%	-3.6%	53.0%
Asia Pacific	38.6%	-60.4%	-51.6%	-14.8%	66.9%	11.8%	-5.0%	10.0%	66.9%
Europe	23.6%	-81.7%	-74.1%	-24.5%	59.3%	-62.0%	-56.4%	-8.8%	59.3%
Latin America	5.7%	-64.5%	-59.1%	-10.8%	70.8%	-40.7%	-43.0%	2.7%	70.8%
Middle East	7.4%	-80.3%	-65.6%	-31.4%	42.2%	-61.0%	-45.2%	-17.1%	42.2%
North America	22.7%	-57.2%	-41.3%	-23.2%	62.4%	-11.2%	-24.2%	9.2%	62.4%
International	45.7%	-87.8%	-77.4%	-37.2%	43.7%	-70.7%	-58.7%	-17.8%	43.7%
Africa	1.6%	-73.7%	-61.8%	-22.3%	49.0%	-45.7%	-38.2%	-6.8%	49.0%
Asia Pacific	11.0%	-94.8%	-87.0%	-48.6%	31.9%	-82.5%	-70.5%	-21.7%	31.9%
Europe	18.5%	-88.3%	-80.0%	-35.0%	49.4%	-74.4%	-64.4%	-19.4%	49.4%
Latin America	2.2%	-82.4%	-77.4%	-18.1%	63.6%	-67.5%	-66.0%	-3.0%	63.6%
Middle East	7.0%	-81.6%	-67.2%	-32.3%	41.3%	-63.6%	-47.7%	-18.0%	41.3%
North America	5.5%	-80.9%	-62.6%	-41.0%	42.9%	-56.7%	-39.2%	-17.4%	42.9%
Domestic	54.3%	-32.3%	-20.5%	-12.5%	71.6%	36.9%	8.3%	15.0%	71.6%
Dom. Australia ⁴	0.7%	-45.8%	-34.7%	-13.5%	65.8%	-10.5%	-15.9%	3.9%	65.8%
Domestic Brazil ⁴	1.6%	-54.0%	-44.2%	-14.3%	66.6%	-32.2%	-26.5%	-5.6%	66.6%
Dom. China P.R. ⁴	19.9%	-2.6%	9.1%	-9.1%	75.9%	210.9%	148.2%	15.3%	75.9%
Domestic India ⁴	2.1%	-32.4%	-14.0%	-18.5%	68.2%	0.8%	8.2%	-5.1%	68.2%
Domestic Japan ⁴	1.5%	-58.3%	-45.7%	-17.6%	58.1%	-9.3%	-38.5%	18.7%	58.1%
Dom. Russian Fed. ⁴	3.4%	8.5%	0.9%	6.1%	86.5%	28.3%	-4.1%	21.9%	86.5%
Domestic US ⁴	16.6%	-43.9%	-28.5%	-18.6%	68.0%	12.6%	-16.9%	17.8%	68.0%

¹% of industry RPKs in 2020

²Change in load factor vs same month in 2019

³Load factor level

⁴Note: 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 registered; it should not be considered as regional traffic.

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