

# COVID-19

## Air travel reaching a turning point

Brian Pearce

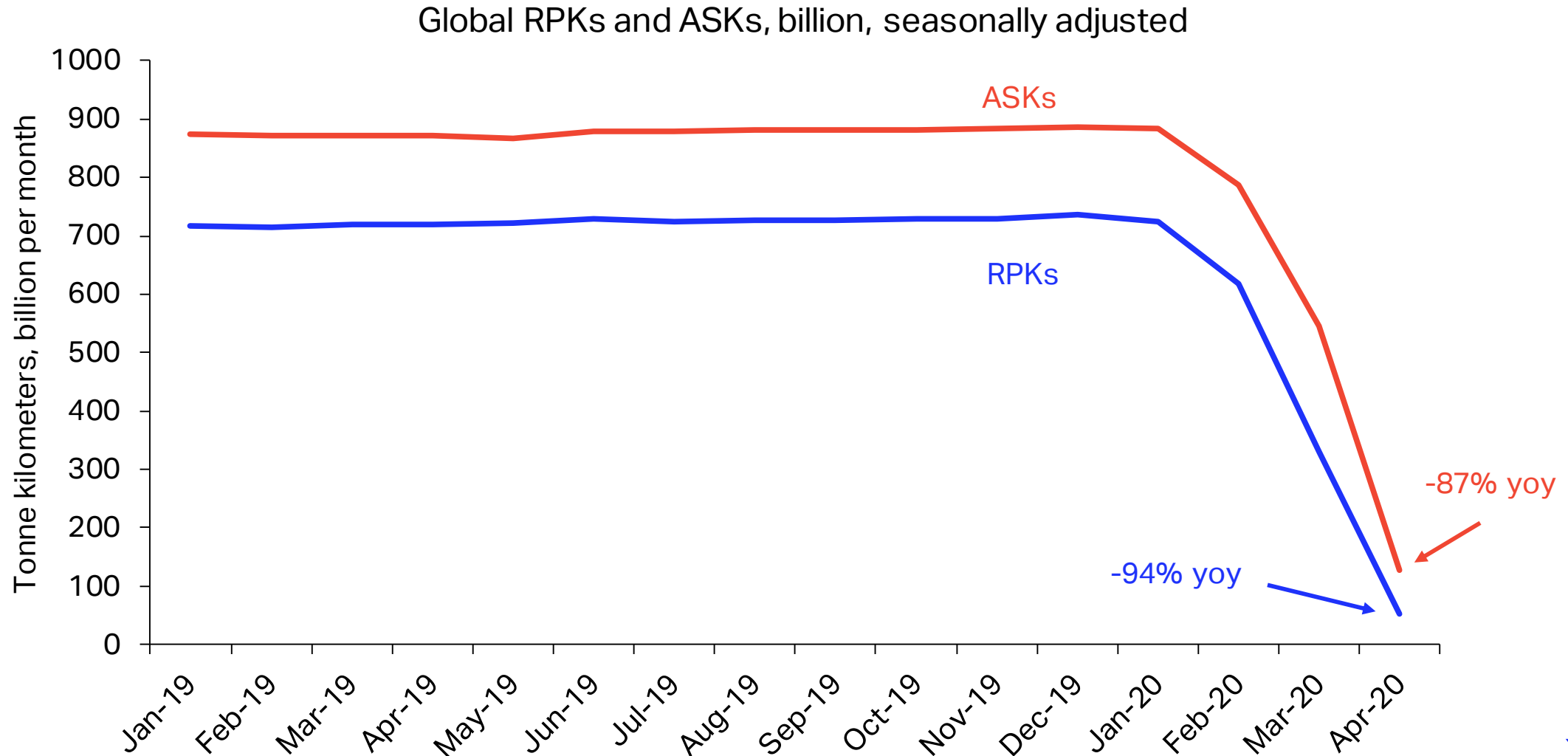
Chief Economist

3<sup>rd</sup> June 2020



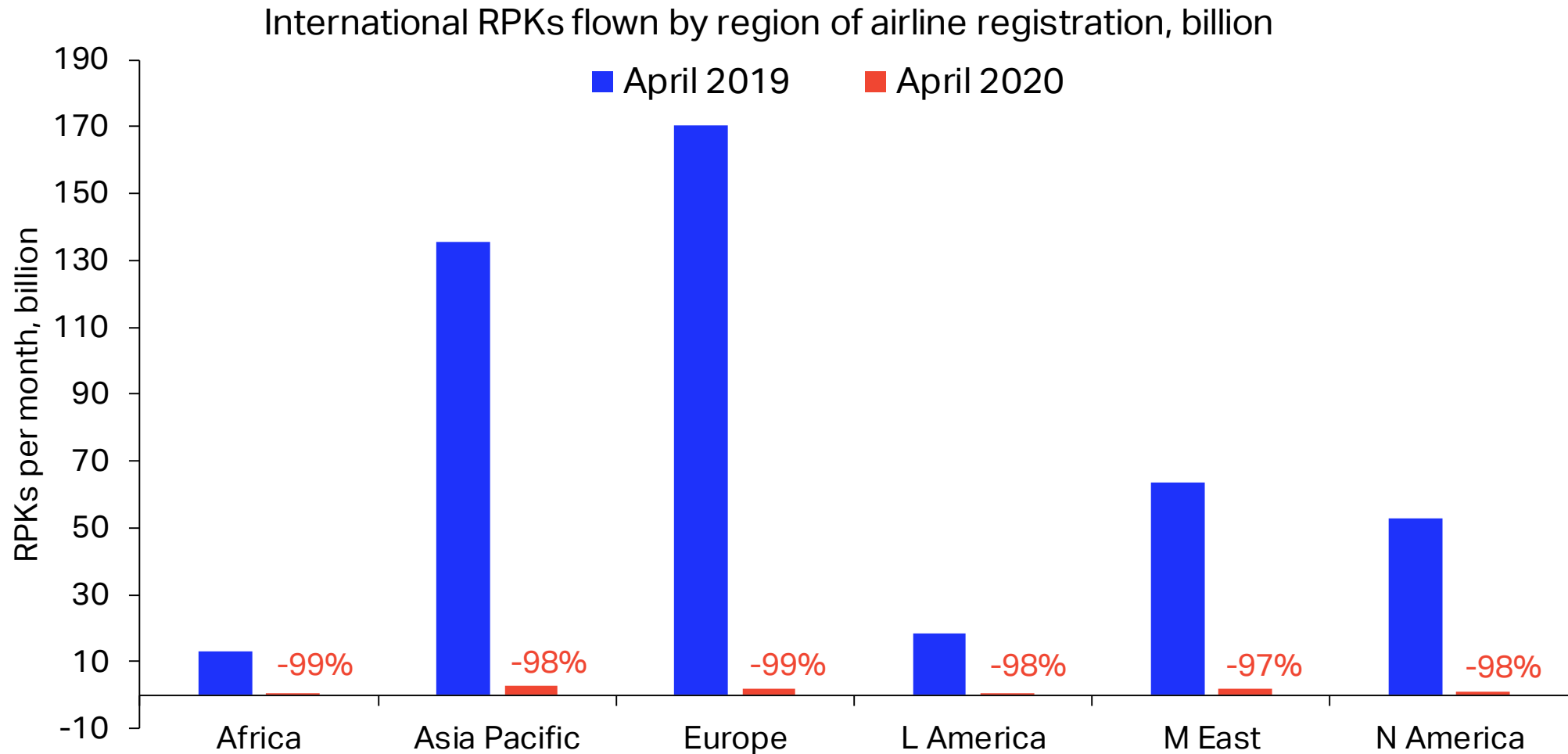
# Air travel worldwide almost entirely stopped in April

## Traffic (RPKs) fell 94% and capacity (ASKs) shrank by 87% versus 2019



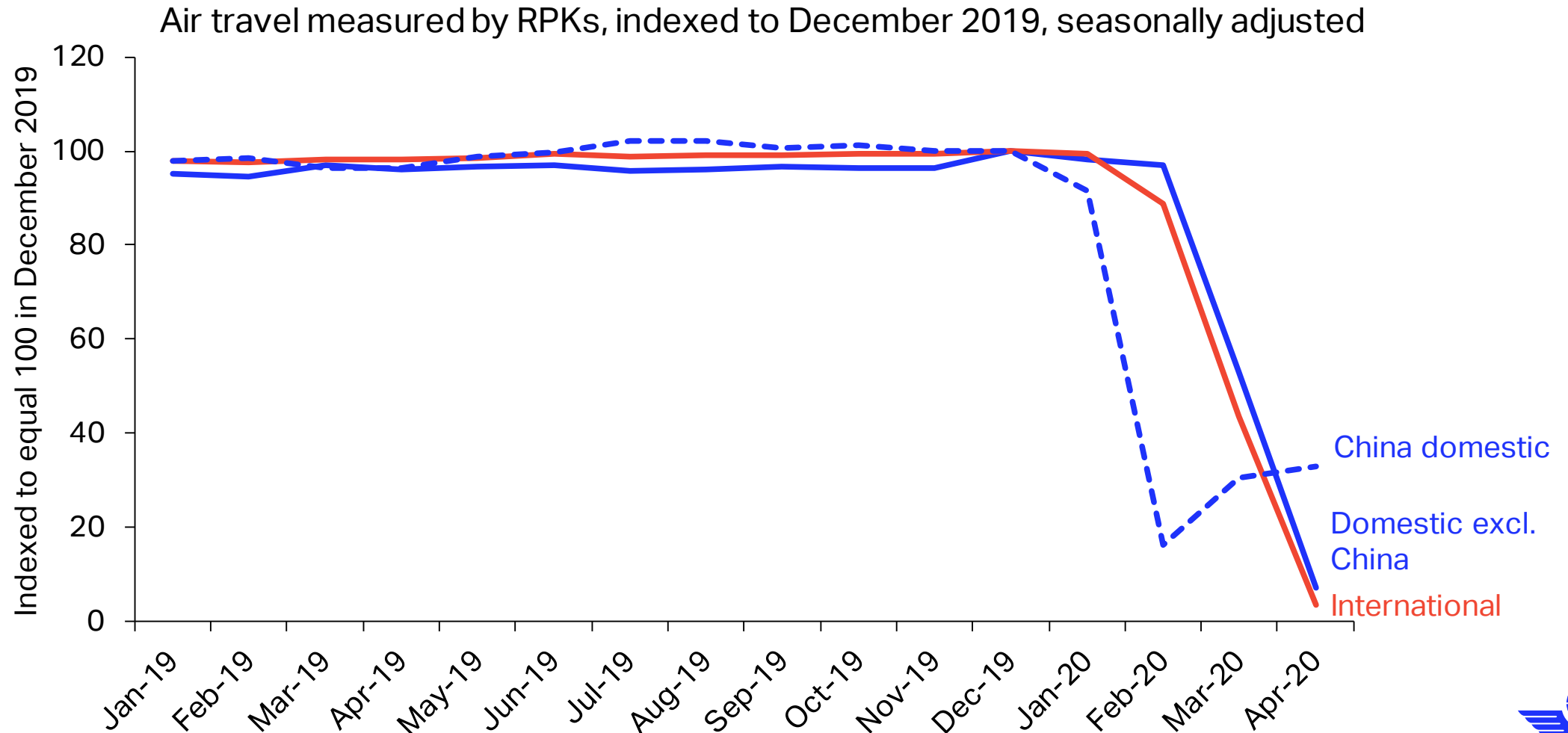
# International shutdown in April seen in all regions

## Mostly repatriation passenger flights only



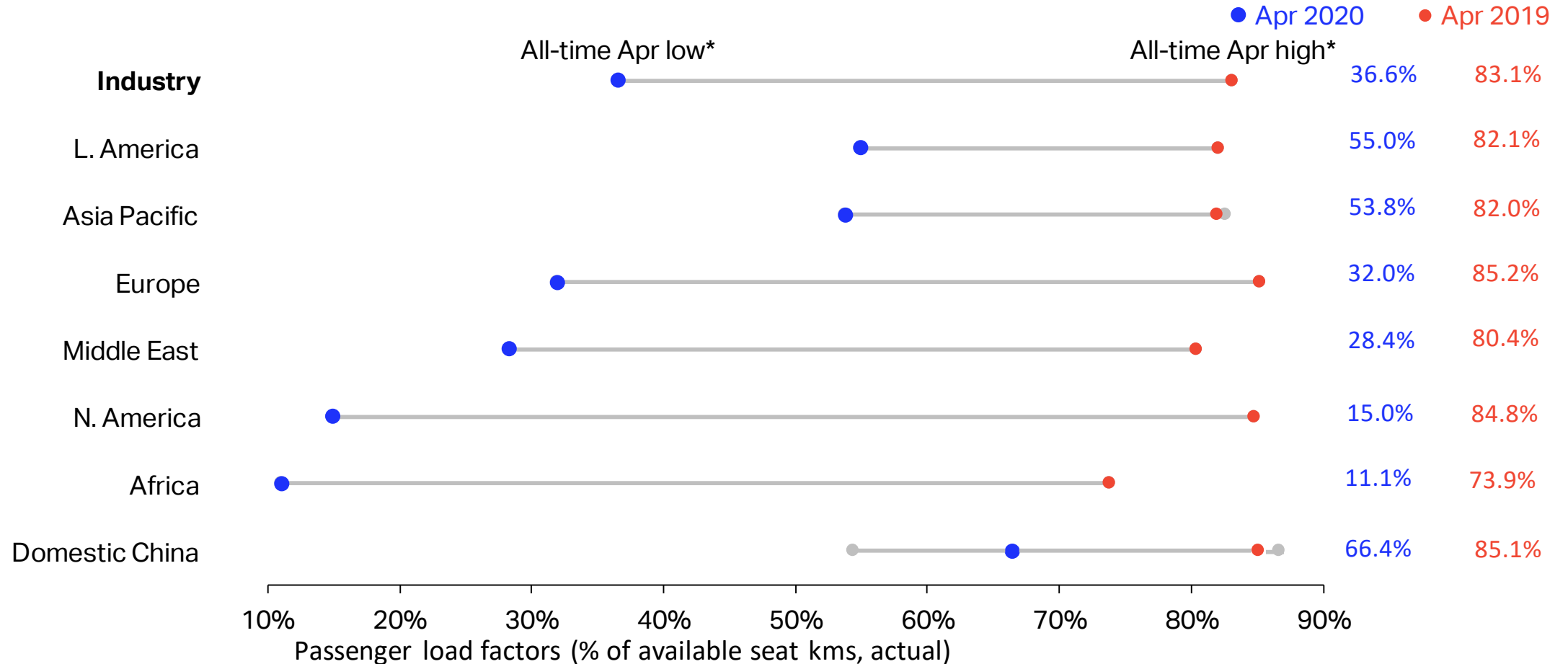
# China's domestic market was the exception

Other domestic and all international markets saw virtually no air travel



# Load factors slump to all-time lows, but China improving

## Industry load factor down to 36.6%, China domestic rises to 66.4%

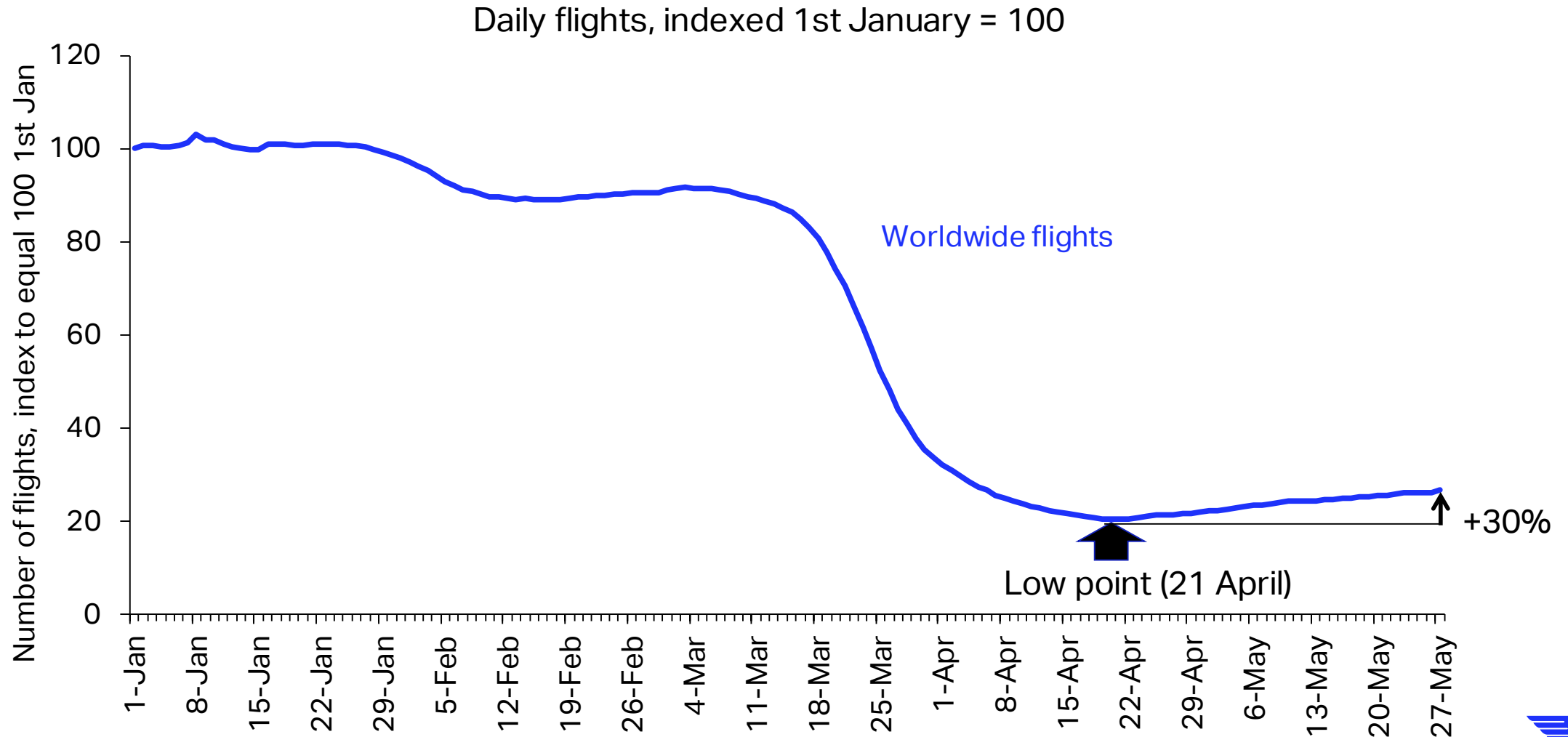


\*Data from 1990 onwards



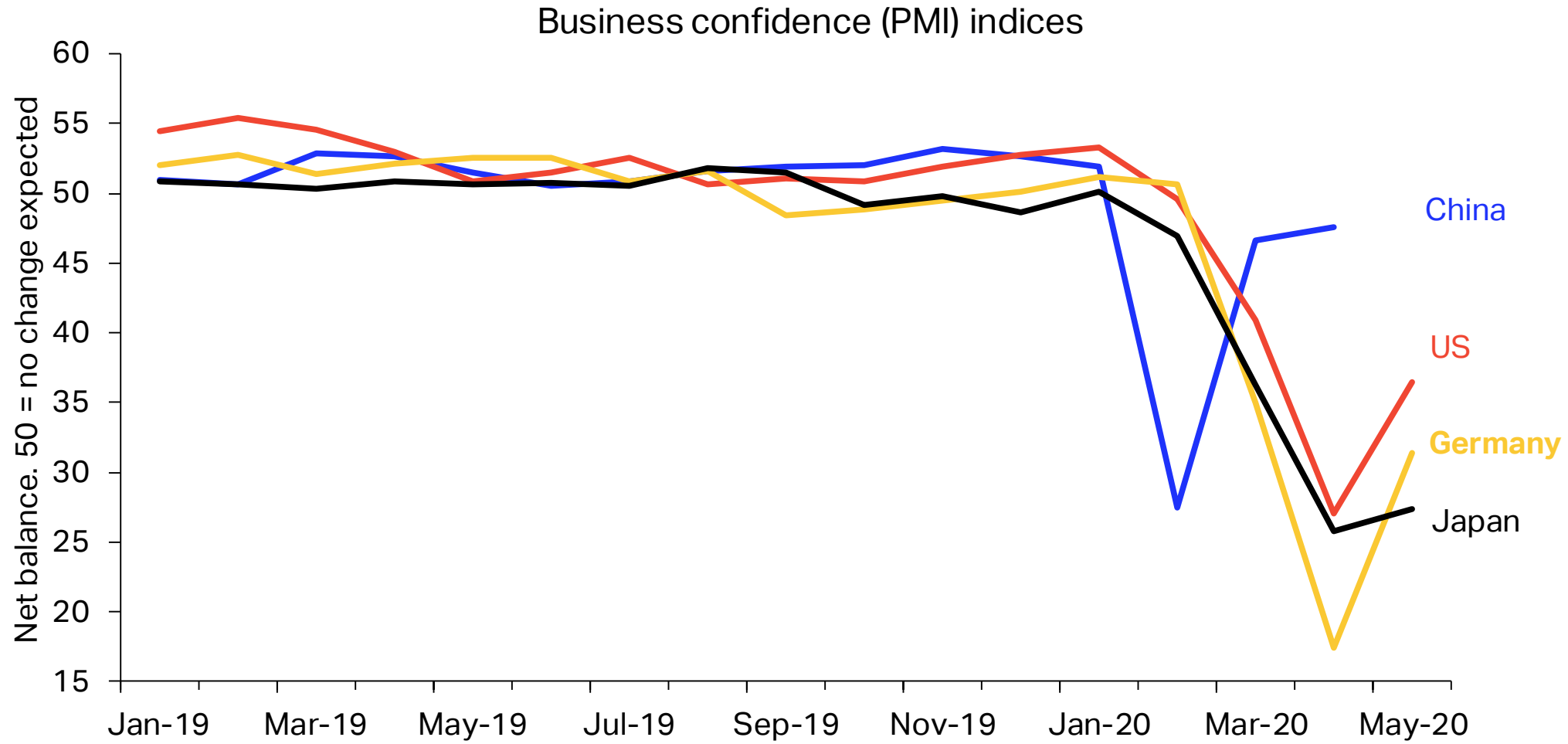
# Increase in flights suggests April was the low point

Flights rose 30% in May from April low, though still 73% down on 1 Jan



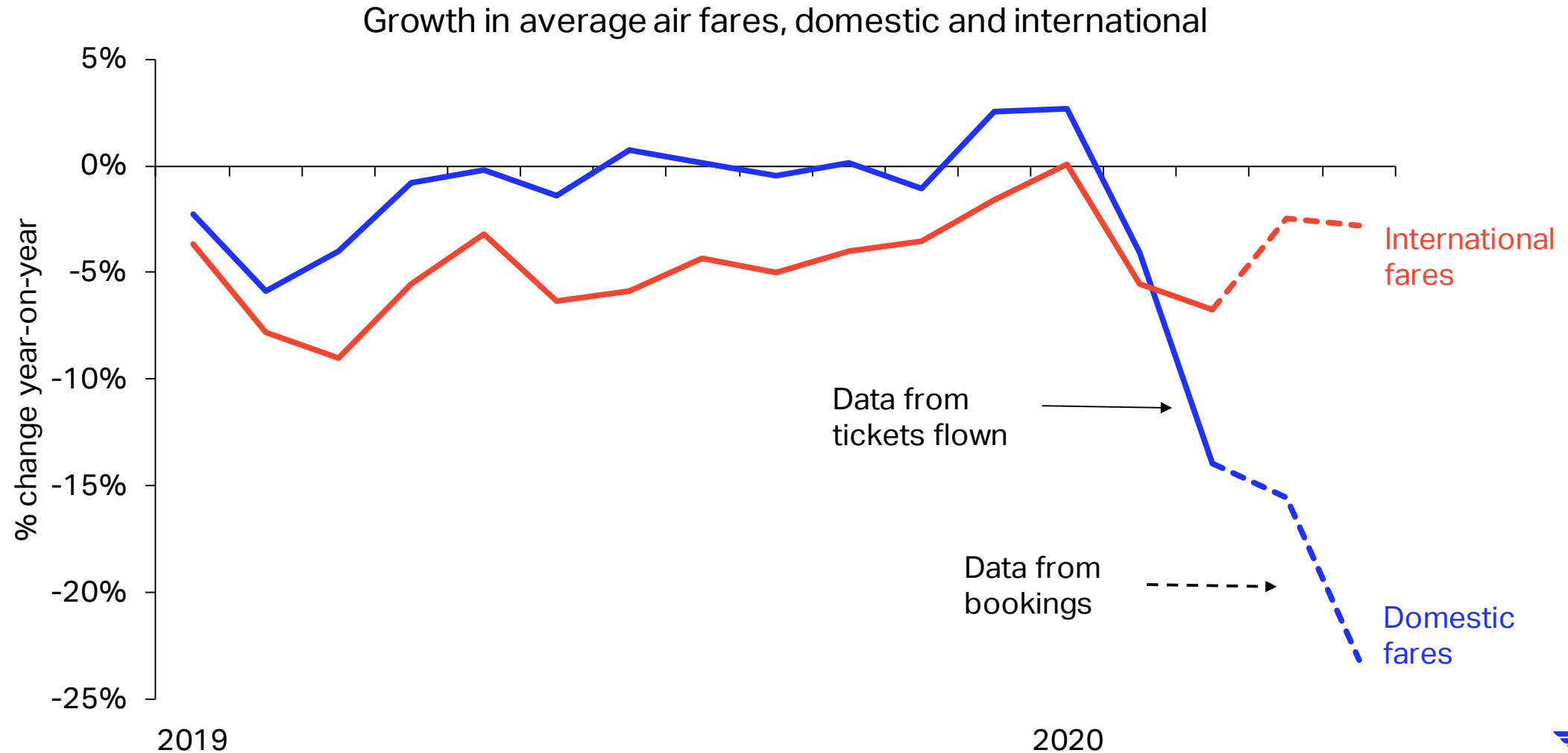
# Business confidence has turned up in key economies

## Economic low point reached in April in developed economies



# Airlines are trying to stimulate demand with low fares

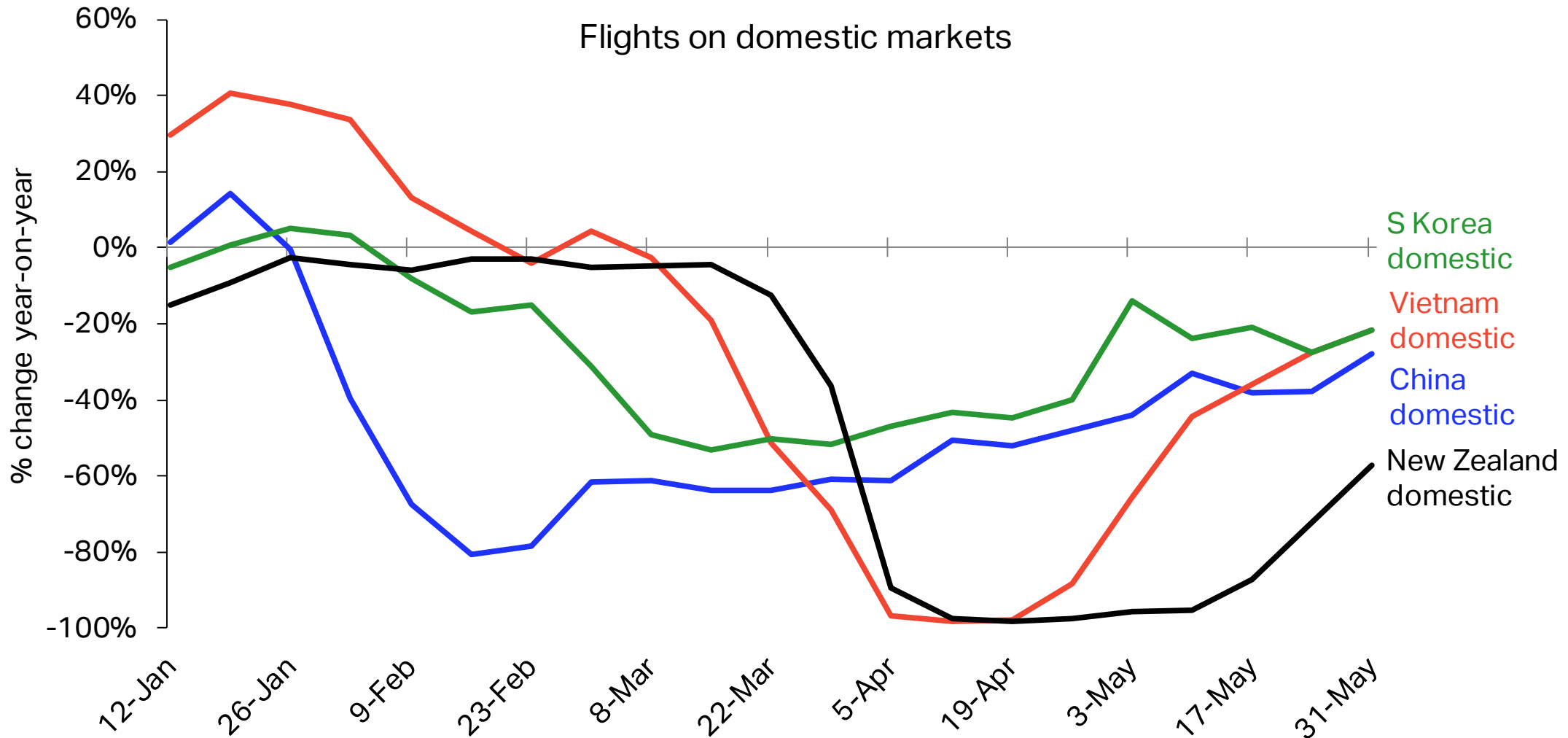
## Air fares for travel on domestic markets in May are 23% lower y-o-y





# Flight increases were concentrated in domestic markets

## 3 key Asian domestic markets are now within ~25% of 2019 levels



# Easing of restrictions on international travel in sight

## Neighbouring countries in bilateral agreements to accept passengers

May 18<sup>th</sup> 2020

Bloomberg Business

**International Airline Travel Creeps Back With 'Bubble' Corridors**

May 6<sup>th</sup> 2020

Simple Flying

**Here's What The Trans-Tasman Bubble Will Mean For Aviation**

28 May 2020

The Telegraph

**Travel restrictions: 'Air bridges' could be in place by end of June**

21<sup>st</sup> May 2020

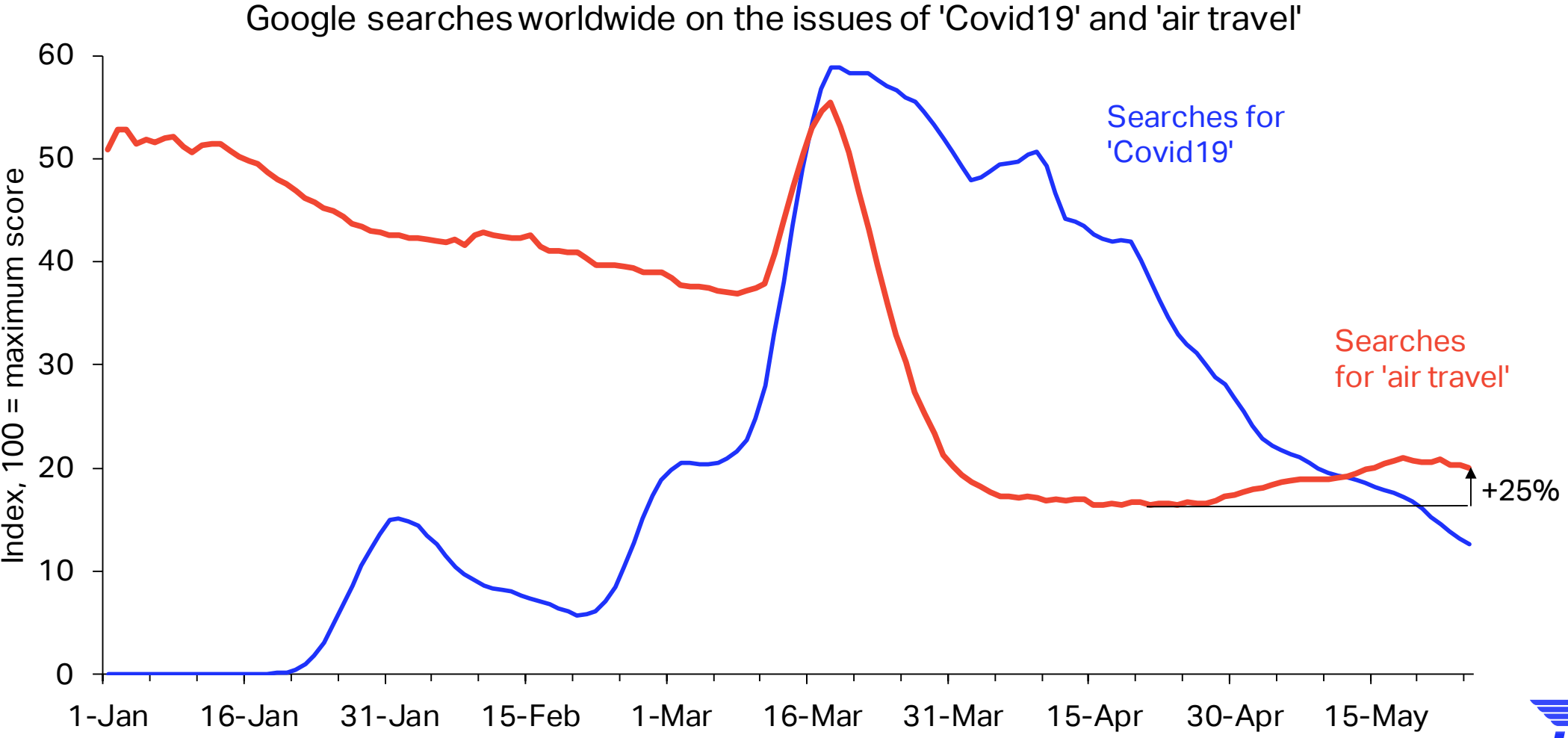
News.com.au

**China, South Korea launch 'travel corridors' to allow for flights**



# Increase in air travel related Google searches in May

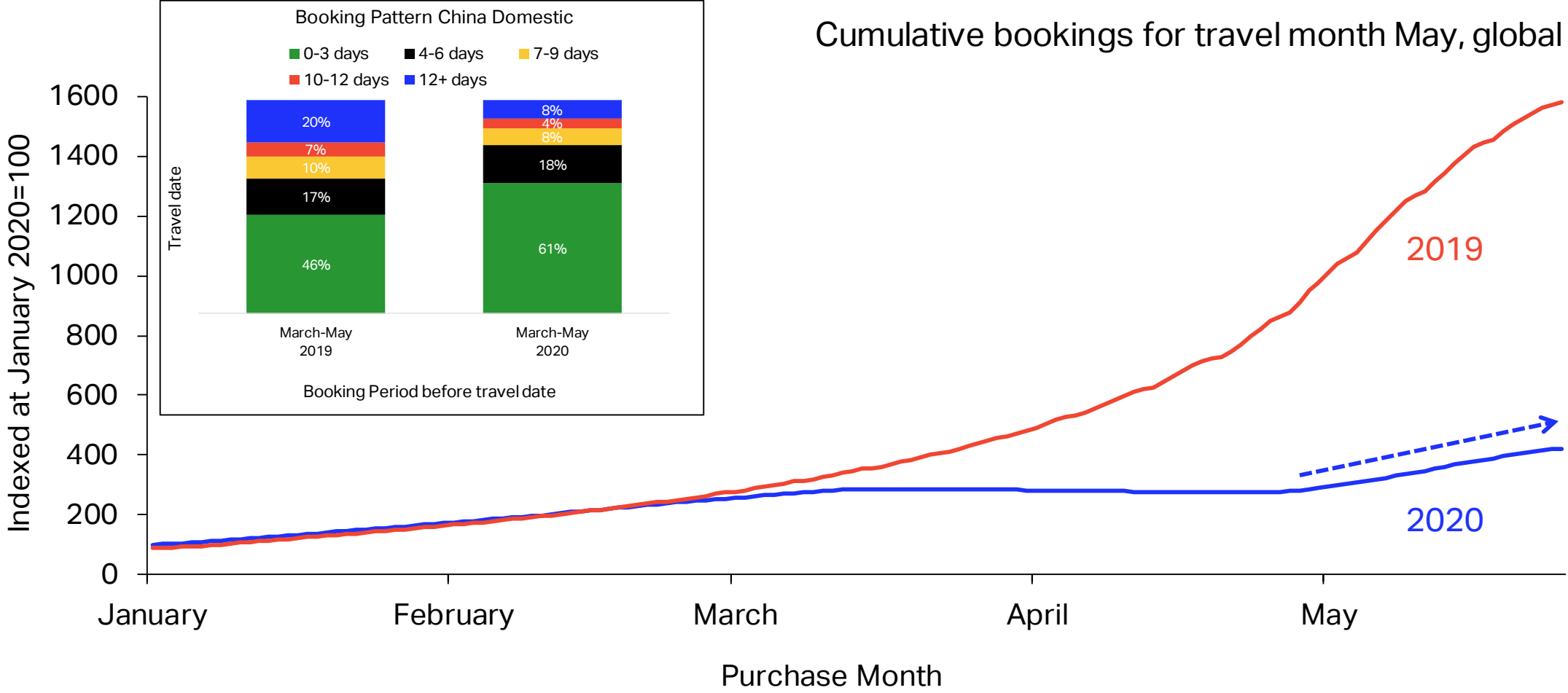
Searches for 'air travel' 60% down on January, but up 25% from April low



Source: IATA Air Travel Pulse, designed by McKinsey & Company; Google Trends

# Bookings data also suggests we are at a turning point

## Consumers booking later, but significant though small rise throughout May



Source: IATA Economics using data from DDS

# Contacts

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