

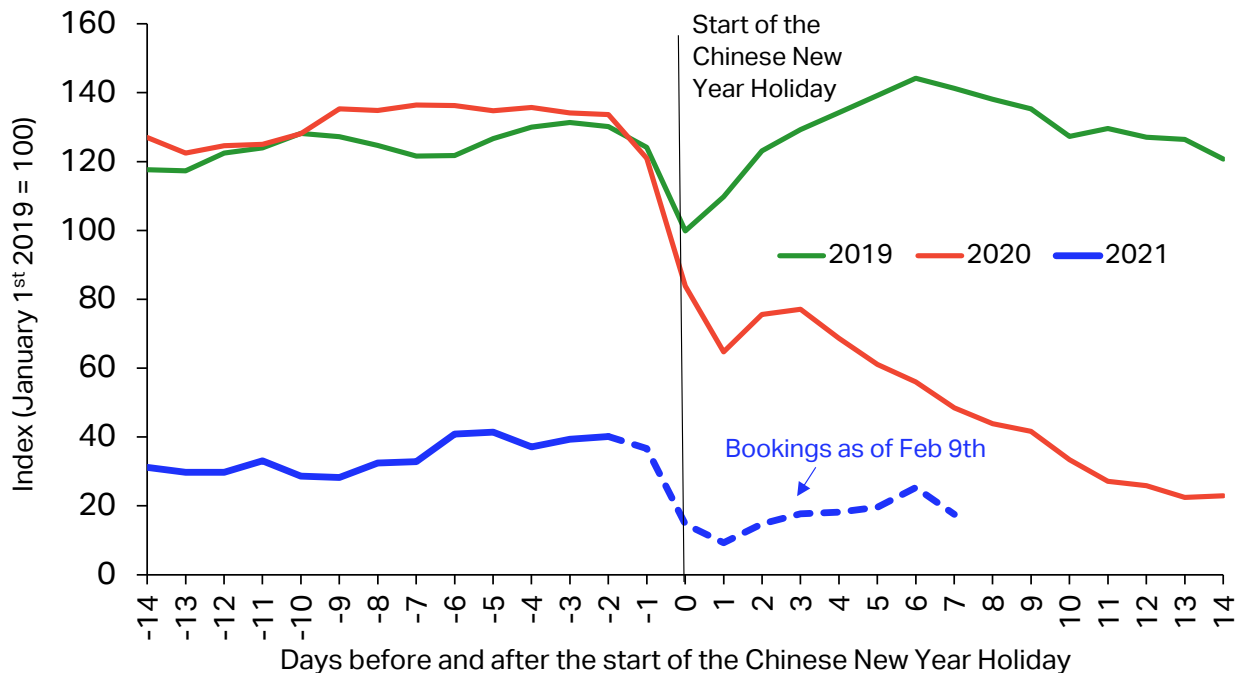


# IATA Economics' Chart of the Week

12 February 2021

## Air travel revenue boost from Chinese New Year may be absent

### Daily China Passenger Traffic (Domestic+International)



Source: IATA Economics using DDS data

- Today starts the Chinese New Year – one of the most important holidays in China, which traditionally results in one of the largest annual human migration in the world. Although this increased flow of travelers provides a support to airline passenger revenues, it isn't as important cash generator as the summer period when people usually take their holidays. In February 2019, passenger revenues (excl. ancillaries and taxes) amounted to ~US\$5.8bn in the Chinese domestic market – about 9% of total annual revenues for this market.
- The recent COVID-19 spike means that festivities this year will be largely virtual. Chinese citizens have been encouraged to avoid holiday travel; workers were offered extra pay to stay put. These measures have had a significant impact on passenger demand. The chart above compares daily passenger volumes from 2019 and 2020 with the evidence so far for 2021. On February 9<sup>th</sup>, passenger volumes in China market (domestic + international) were c. 69% lower compared to where we would expect them to be at the similar stage (i.e. just before the start of the holiday).
- China's swift recovery from the crisis means that the share of the Chinese domestic market doubled to 20% of global RPKs, making it the largest domestic market in 2020. As of February 9<sup>th</sup>, bookings were down by an amount equivalent to a 19% fall in global bookings. Bookings are made much closer to the flight date in today's environment, so the situation could change. But the lack of CNY travel could have a material impact on the February global travel numbers.

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