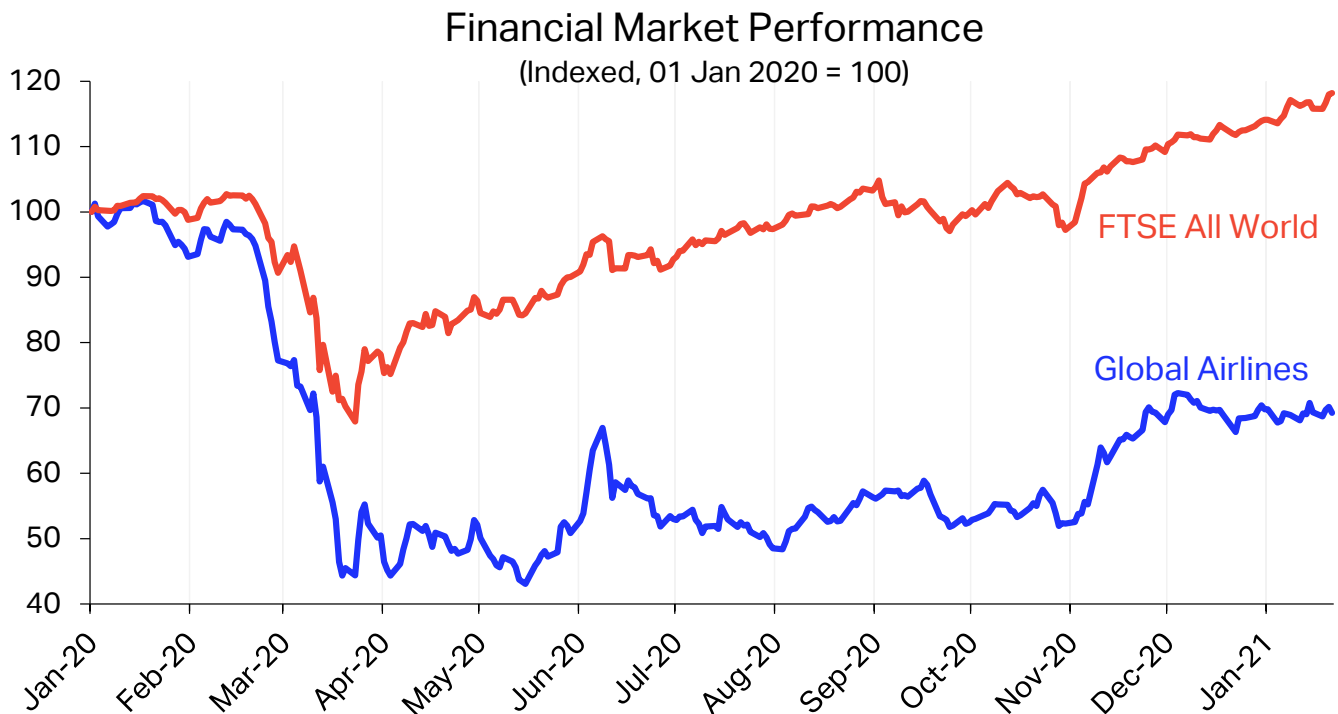




# IATA Economics' Chart of the Week

22 January 2021

## Airline shares becalmed following vaccine rally



Source: IATA Economics using data from Refinitiv Eikon Datastream

- Today's chart depicts airline shares performance over the past year and compares it with wider equity markets. Airline shares plummeted more significantly than wider equity markets (50% vs. 22% at the lowest point in March compared to the year-end 2019) since the airline industry has been one of the hardest hit industries by the pandemic due to global travel restrictions. However, global equity markets quickly rebounded and rose above pre-crisis levels by the end of the year 2020 since economic activity was regaining momentum. Also, the rollout of the vaccines and potential for new economic stimulus packages boosted further the expectations about future economic growth since the beginning of November.
- On the other hand, airline shares diverged from wider equity markets as travelers' confidence remained weak and travel demand recovered marginally following the ease of lockdown measures. However, the vaccine news was a turning point for airline shares. Airline shares outperformed wider equity markets more than twice in the month of vaccine announcement since the investors started to see the light at the end of tunnel. However, optimism has been short-lived as the expected recovery in travel demand was not reflected in financial performance expectations. Our latest [Financial Monitor](#) report shows that airlines continue to post huge losses and initial announcements of Q4 results indicate that turning into cash positive is not possible before vaccines become widely available.

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IATA Economics  
[economics@iata.org](mailto:economics@iata.org)