



# IATA Economics' Chart of the Week

11 February 2022

## Airlines are optimistic about the year ahead, but challenges remain

### Business confidence survey - forward-looking weighted score

View on the next 12 months:

	Jan 2019	Apr 2019	Jul 2019	Oct 2019	Jan 2020	Apr 2020	Jul 2020	Oct 2020	Jan 2021	Apr 2021	Jul 2021	Oct 2021	Jan 2022
Profitability	62	57	51	61	68	7	37	48	67	62	85	85	76
Passenger demand	89	84	80	88	88	15	54	58	76	81	94	94	95
Cargo demand	76	71	53	54	69	37	57	60	72	69	86	85	79
Passenger yields	50	54	67	69	69	20	31	43	44	61	67	65	52
Cargo yields	48	59	42	47	50	38	26	54	52	52	59	48	44
Employment	74	71	74	59	62	12	32	31	50	58	65	71	78

>50 increase/improvement    50=no-change    <50 decrease/deterioration

**Weighted score methodology:** share of positive responses multiplied by 100, share of 'no change' responses multiplied by 50, share of negative responses multiplied by 0

Source: IATA Business Confidence Survey

- This week's chart is based on the [Business Confidence Survey for January 2022](#). It summarizes what airlines' CFOs and Heads of Cargo think about future developments in some of the key financial and operational metrics. Their expectations are expressed by a forward-looking weighted score ranging from 0 to 100, where 50 means no change from current levels, >50 refers to aggregate improvement/increase and <50 means overall deterioration/decrease.
- The good news is that survey participants are optimistic about most of the metrics. However, there are some nuances. The forward-looking score increased compared with the October survey edition regarding passenger demand and employment, indicating growing optimism. More airlines expect that the lifting of travel restrictions will boost passenger demand, and thus anticipate hiring more staff. On the other hand, the scores ticked down for profitability and cargo demand – although they remained firmly in positive territory. The more cautious view on profitability is driven by concerns about the impact of the Omicron variant on airline operations, and by soaring jet fuel prices. For cargo traffic, airlines mentioned that the strong growth observed in 2021 might be hard to sustain.
- Airlines' expectations about yields weakened, which also helps to explain why the share of respondents expecting improving bottom lines decreased. The forward-looking score for passenger yields fell to 52, suggesting no significant improvement this year – largely due to rising market competition. For cargo, the score of 44 indicates that yields might start to come down from elevated levels as more belly capacity becomes available in the market.
- To summarize, airlines are optimistic that the state of the industry will continue to improve over the coming 12 months, notably regarding passenger demand, while the outlook on yields appears somewhat more challenging.

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