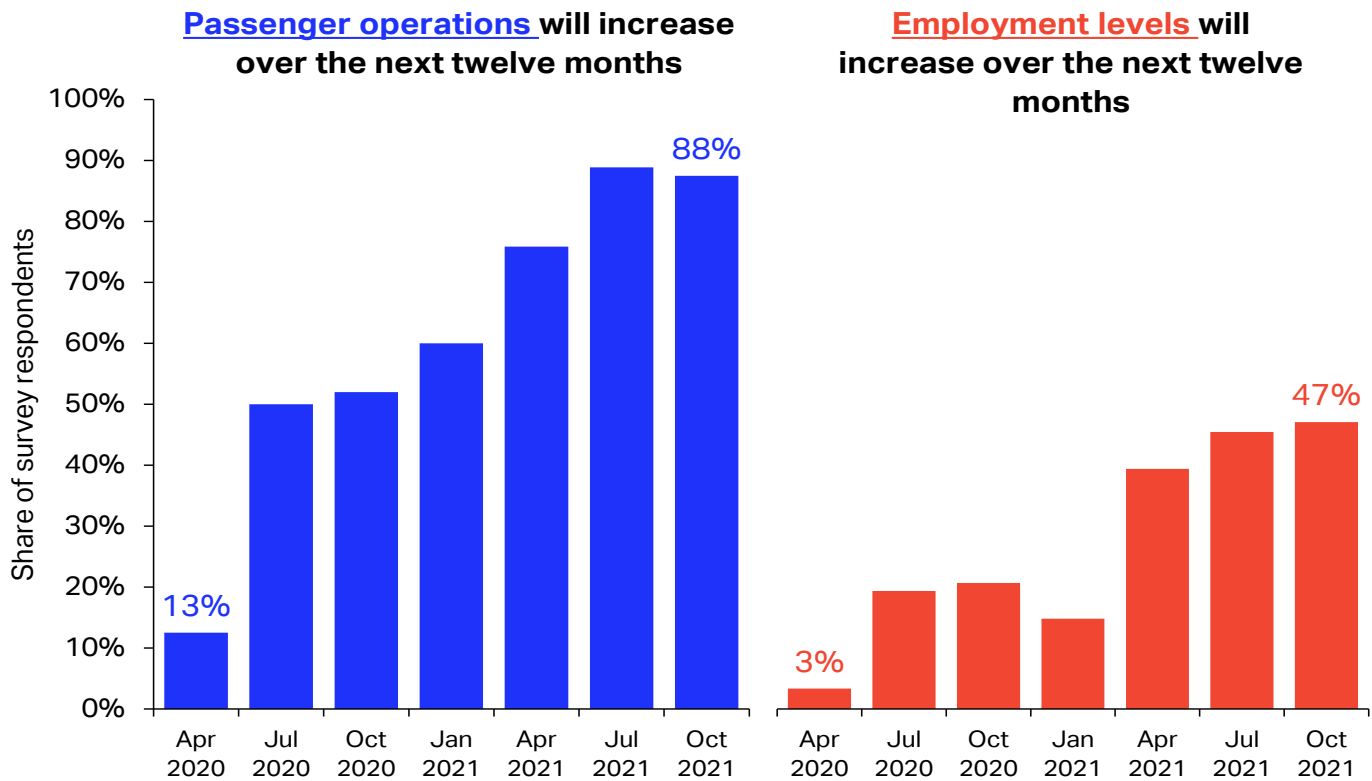




IATA Economics' Chart of the Week

19 November 2021

Business Confidence Survey results point to rising optimism



Source: IATA Business Confidence Survey

- IATA recently published results for its October 2021 [Business Confidence Survey](#). They point to several reasons for optimism, including improving profitability and growing demand for both cargo and passenger traffic. The survey also points to important risks to the industry recovery, such as labour shortages and rising input costs.
- The chart shows the evolution of the share of survey respondents that expect gains in passenger traffic and employment over the next twelve months, year-on-year, for their airlines. Clearly, there is widespread positivity on the passenger side, with 88% of surveyed airlines anticipating that their traffic volumes would grow in that time frame in October 2021. However, this is from a low base, and in many cases, much progress remains to be done to reach 2019 air travel levels. But the upshot is that there is a robust upward trend.
- In October 2021, 47% of survey respondents forecast their workforces to grow in the upcoming twelve months, a stark improvement from the depth of the pandemic in April 2020, when 80% of respondents planned staff reductions. What is more, in October, only 6% of surveyed airlines expect further cuts to their employment levels. This illustrates that airlines are really preparing to extend operations – as opposed to simply talking about it – and that the industry is gearing up for the recovery.
- That said, in October, another 47% of respondents anticipated no changes to workforces, often from a low base. This alludes to labour shortages faced by some airlines, which also lead to higher labour costs. Besides, it shows that in some cases, airlines are still cautious about the recovery. Uncertainty remains elevated and the rebound to pre-crisis traffic levels is likely to be gradual and uneven.

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