

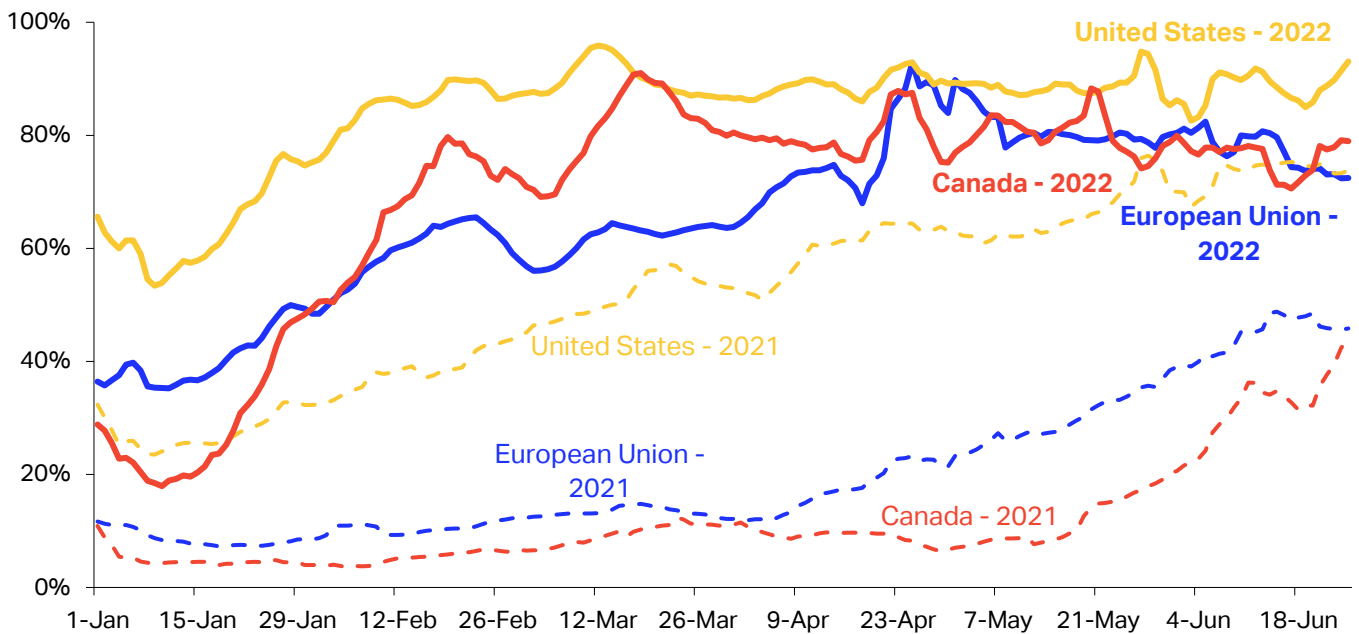


IATA Economics' Chart of the Week

22 July 2022

Challenging passenger demand surge amid wider recovery

Bookings by purchase date, as a % share of 2019 levels



Source: IATA Economics using DDS (Data are for travel between Jan 1st and Aug 31st)

- The global airline industry demonstrated a considerable degree of resilience during the pandemic adapting to the uncoordinated and often changing travel policies around the world. The recovery of air transport is well underway and the industry is now facing new challenges, including high energy prices and labor shortages. These challenges coincide with the traditional peak in demand, driven by northern hemisphere summer travelers.
- It is important to note the recovery path has varied across countries due in large part to a patchwork of different travel restrictions, in some countries stricter than in others. As seen by the dotted lines on the chart, bookings for travel within the European Union and Canada remained relatively low in 2021, mainly due to the more restrictive international travel policies. In contrast, passenger operations in the relatively unrestricted US domestic market had already picked up to a much greater extent.
- In 2022, demand has ramped up strongly in both North America and the EU, however, the challenge to adjust capacity to meet this higher demand differs significantly by geography. The United States already had a significant level of operations in 2021, so the further increase in 2022 placed less stress on the industry. On the contrary, airlines operating in the EU and Canada have had to ramp up into a much greater proportional increase in demand this year. In early May, the gap between 2022 bookings and 2021 bookings (as a proportion of 2019 levels) was 66 and 70 percentage points for the EU and Canada respectively, whereas in the US this gap was only 26 percentage points.
- This illustrates the scale of challenges that airlines and the wider air transport value chain are facing during the current northern hemisphere summer peak season in this phase of the recovery.

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