COVID-19
Assessing prospects for domestic markets

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Post lock-down return to air travel likely to be in stages. We assume domestic markets open in Q3 but international slower to open.

Share of global air travel in 2019:

- **RPKs**
  - Domestic, 33%
  - International, 67%

- **Passengers**
  - International, 42%
  - Domestic, 58%

Source: IATA Economics using data from IATA Statistics
Worldwide domestic flights are down 70% today
Domestic markets grounded outside of North America and Asia

Weekly Domestic Flights

On the date covid cases surpassed 100 in China

Weekly Domestic Flights, indexed=100

Source: IATA Economics analysis based on data provided under license by FlightRadar 24. All rights reserved.
China and US dominate domestic air travel - key to Q3
Other Asian and Emerging Markets in the top-10 largest markets

Top Domestic Markets by RPKs
(Share in global domestic travel in 2019)

- United States: 40%
- China: 25%
- India: 5%
- Russia: 3%
- Brazil: 3%
- Japan: 3%
- Indonesia: 2%
- Australia: 4%
- Mexico: 2%
- Turkey: 1%

Top Domestic Markets by # of Passengers
(Share in global domestic travel in 2019)

- United States: 27%
- China: 24%
- India: 6%
- Japan: 4%
- Indonesia: 4%
- Brazil: 3%
- Australia: 3%
- Russia: 2%
- Mexico: 2%
- Turkey: 2%

Source: IATA Economics using data from IATA Statistics
Lessons from China on domestic air travel ‘restart’
Rise in flights as new cases fell towards zero, but recovery then stalled

Source: IATA Economics analysis based on WHO data, and data provided under license by FlightRadar 24. All rights reserved.
China return to work and VFR but not to ‘play’
Weakness of services indicates consumers remain cautious

Source: IATA Economics using data from Markit
COVID-19 cases stabilizing in key domestic markets
China and Australia stable, US slowing fast, others less certain at this stage

Source: IATA Economics using data from the World Health Organization (WHO)
No sign yet of rebound in Australia domestic market
COVID-19 new cases have now dropped almost to zero

Australia domestic flights, new COVID-19 cases

% of total COVID-19 cases, 7-day moving average

Domestic flights

New COVID-19 cases

Source: IATA Economics analysis based on WHO data, and data provided under license by FlightRadar 24. All rights reserved.
US domestic market stabilized by policy measures CARES and other measures stopping decline. New cases slowing rapidly.

Source: IATA Economics analysis based on WHO data, and data provided under license by FlightRadar 24. All rights reserved.
But once markets are open there needs to be confidence
Business (but not consumer) confidence up in China, not elsewhere

Source: IATA Economics using data from Markit
Recession will damage passenger confidence in Q3
Economic forecasts show a small improvement in GDP growth in Q3

Economic growth (GDP) in the US and China, % change year-on-year

Source: IATA Economics using data and forecasts from Oxford Economics
As a result Q3 rise in domestic air travel likely to be slow. Domestic markets should open first, but demand will be slow to return.

Source: IATA Economics using data and forecasts from Oxford Economics and IATA.
Restoring passenger confidence will be crucial. 40% of passengers say they will wait 6 months or more before travelling.

Source: IATA Survey, Conducted in 11 countries (Australia, Canada, Chile, France, Germany, India, Japan, Singapore, United Arab Emirates, United Kingdom, United States) at the beginning of April. Numbers are rounded.
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