

COVID-19

Assessing prospects for domestic markets

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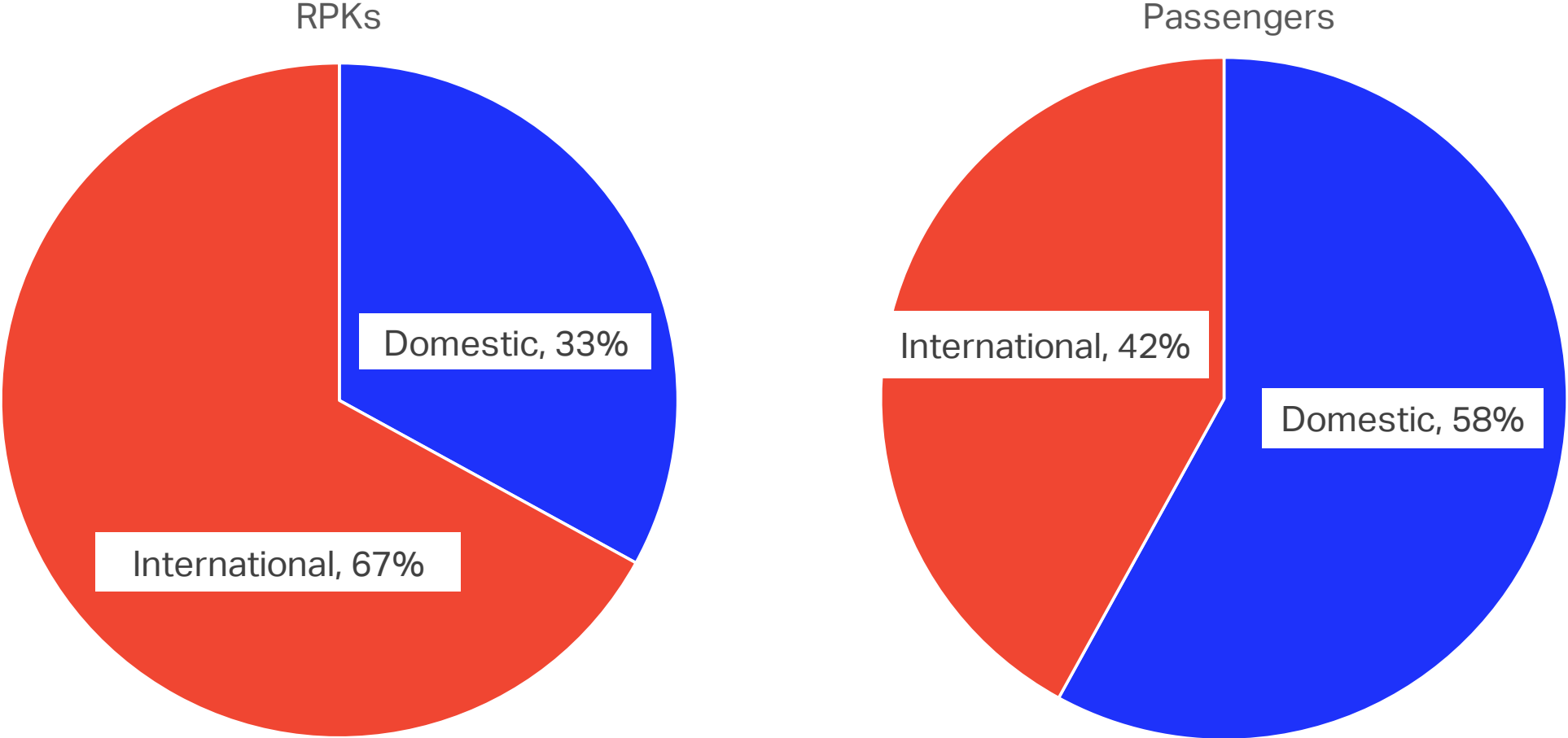
21st April 2020



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

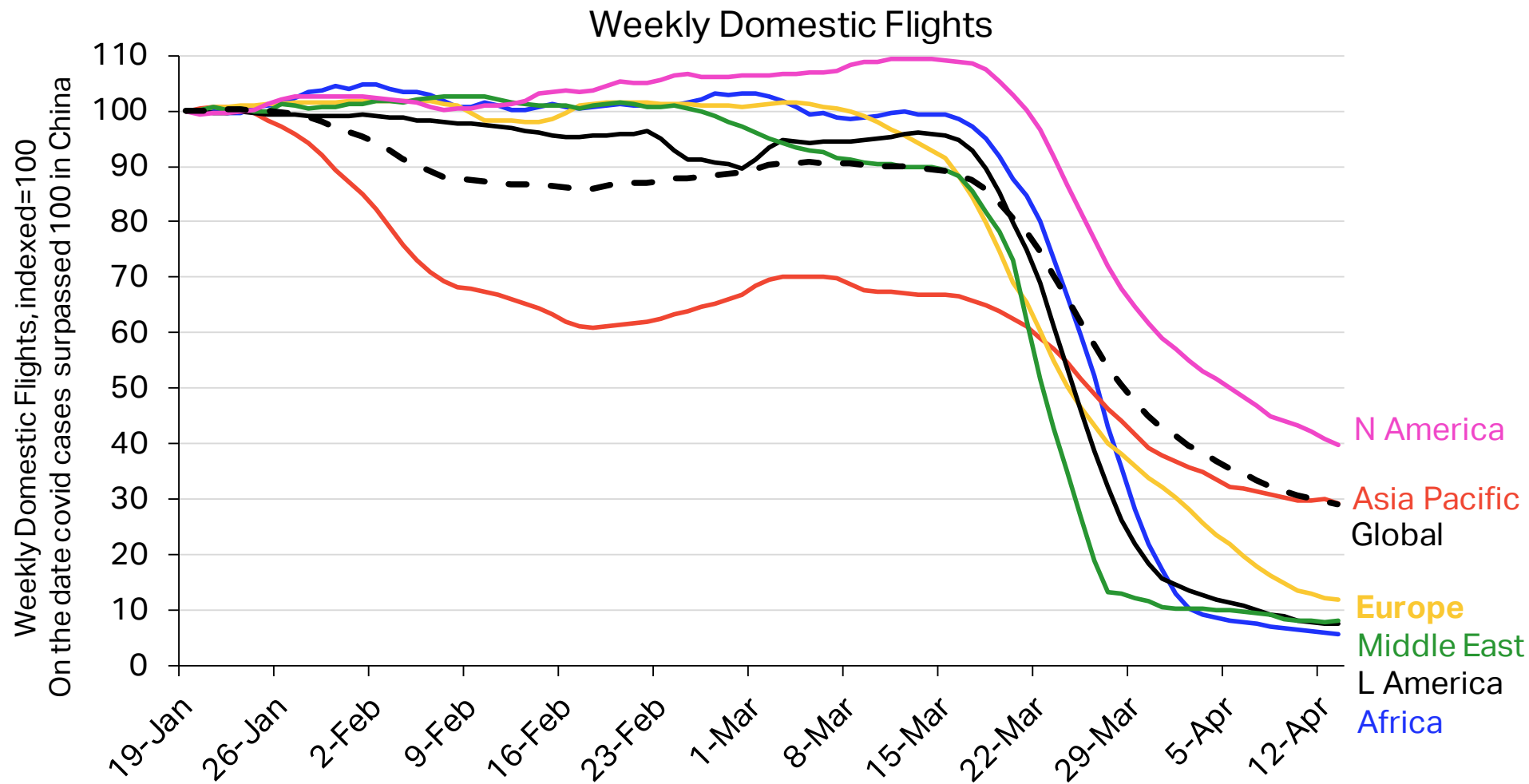


Source: IATA Economics using data from IATA Statistics



Worldwide domestic flights are down 70% today

Domestic markets grounded outside of North America and Asia

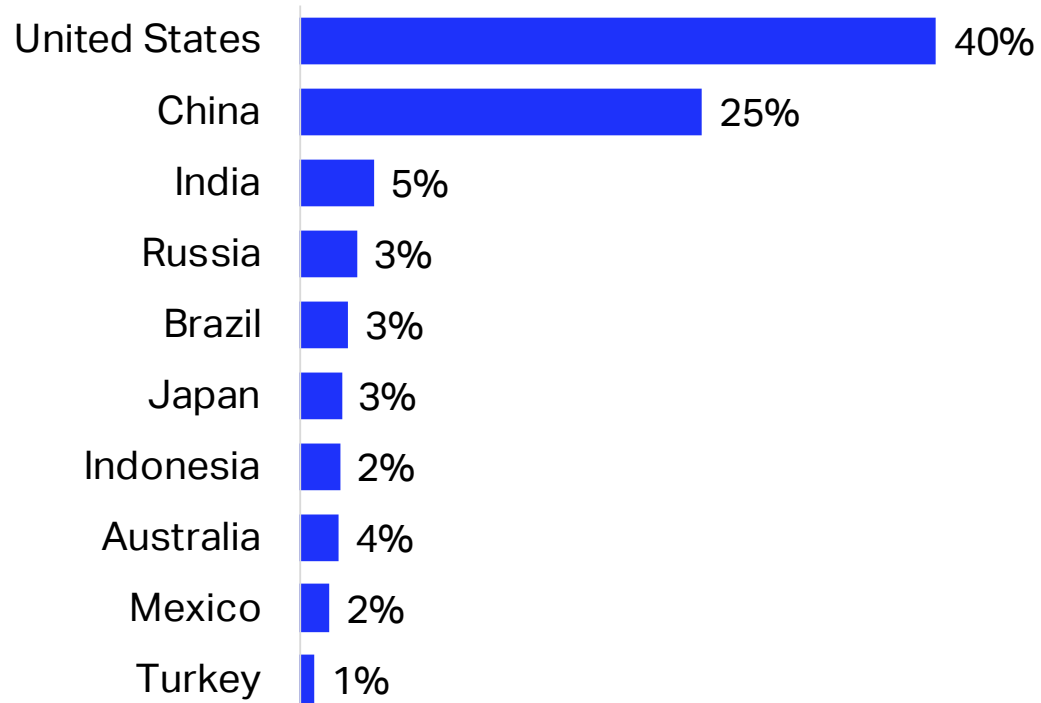


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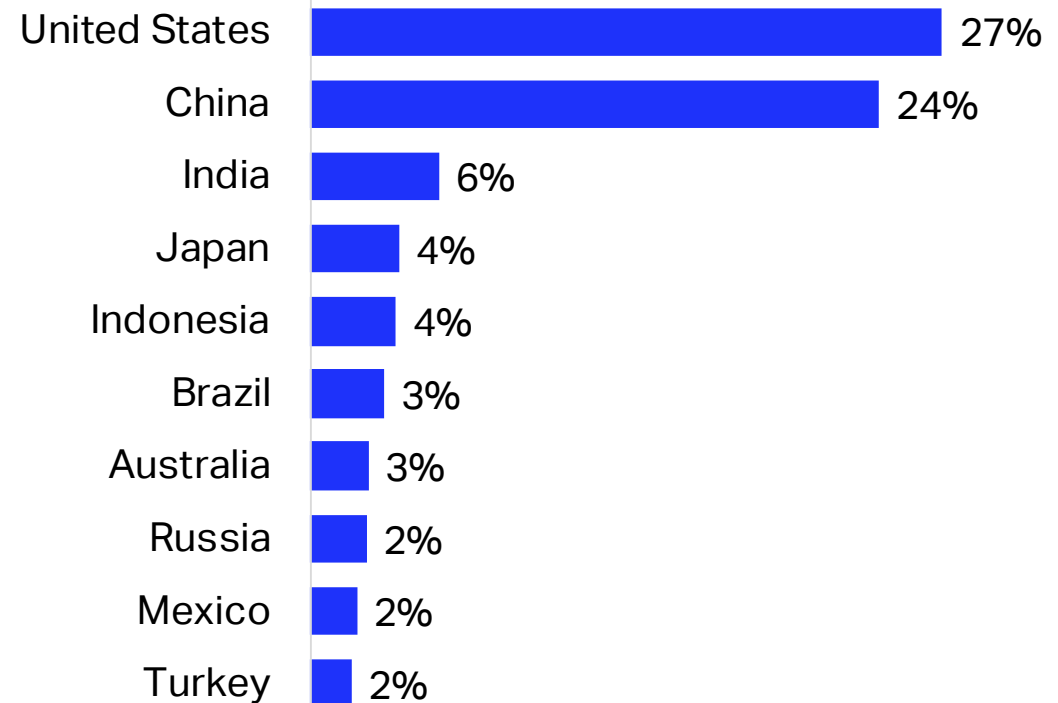
China and US dominate domestic air travel - key to Q3

Other Asian and Emerging Markets in the top-10 largest markets

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



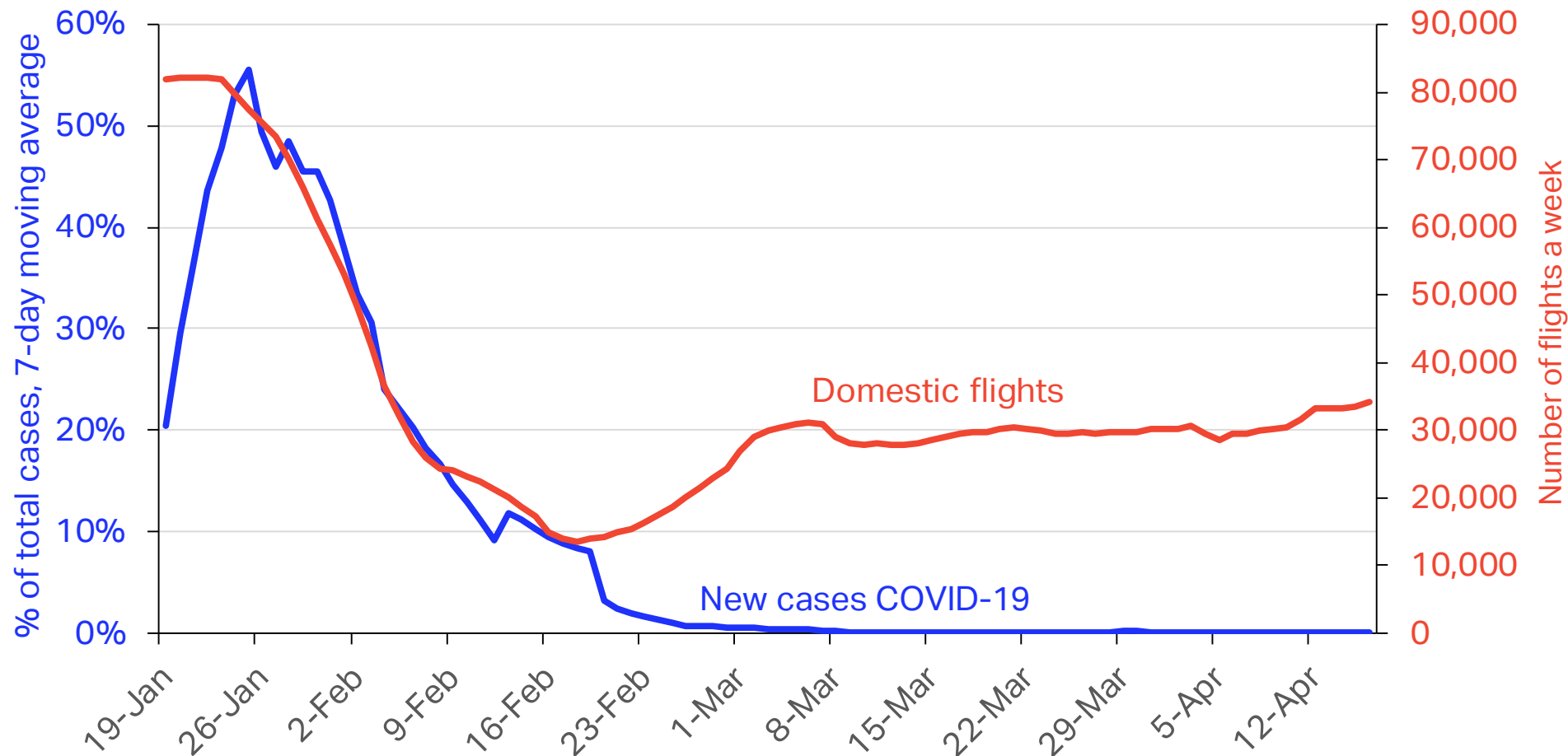
Top Domestic Markets by # of Passengers
(Share in global domestic travel in 2019)



Lessons from China on domestic air travel 'restart'

Rise in flights as new cases fell towards zero, but recovery then stalled

China domestic flights, COVID-19 new cases

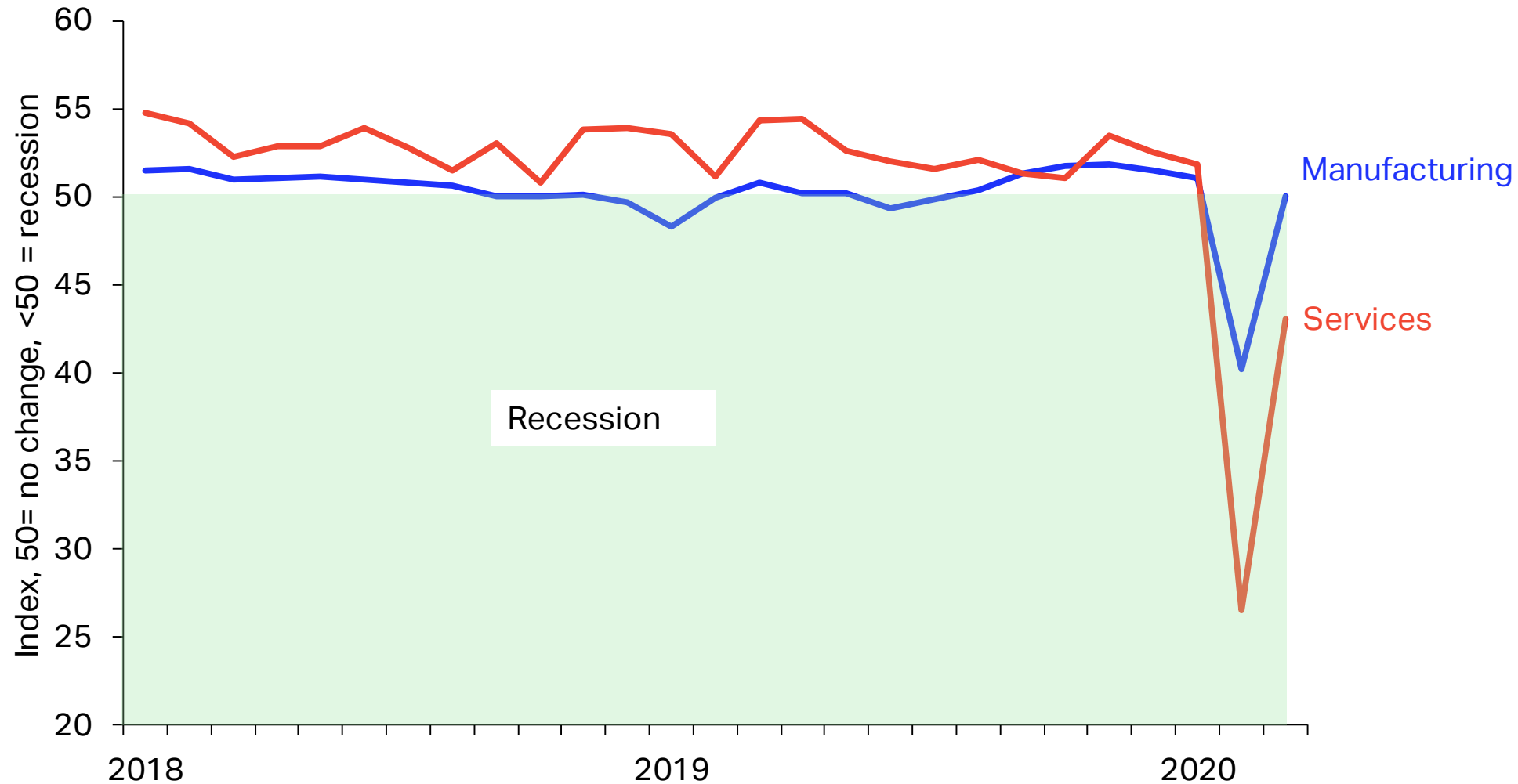


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China return to work and VFR but not to 'play'

Weakness of services indicates consumers remain cautious

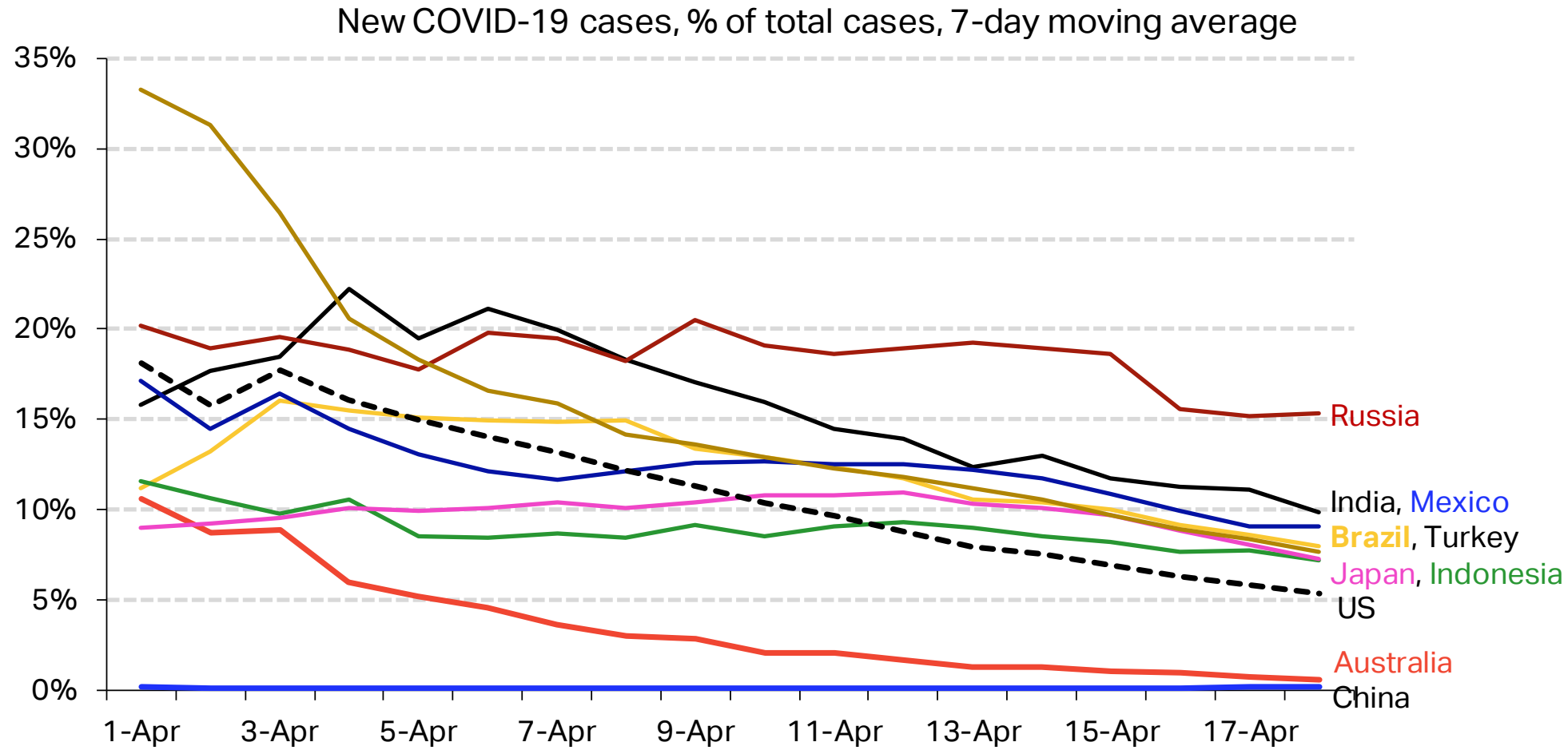
China business confidence in manufacturing and services



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

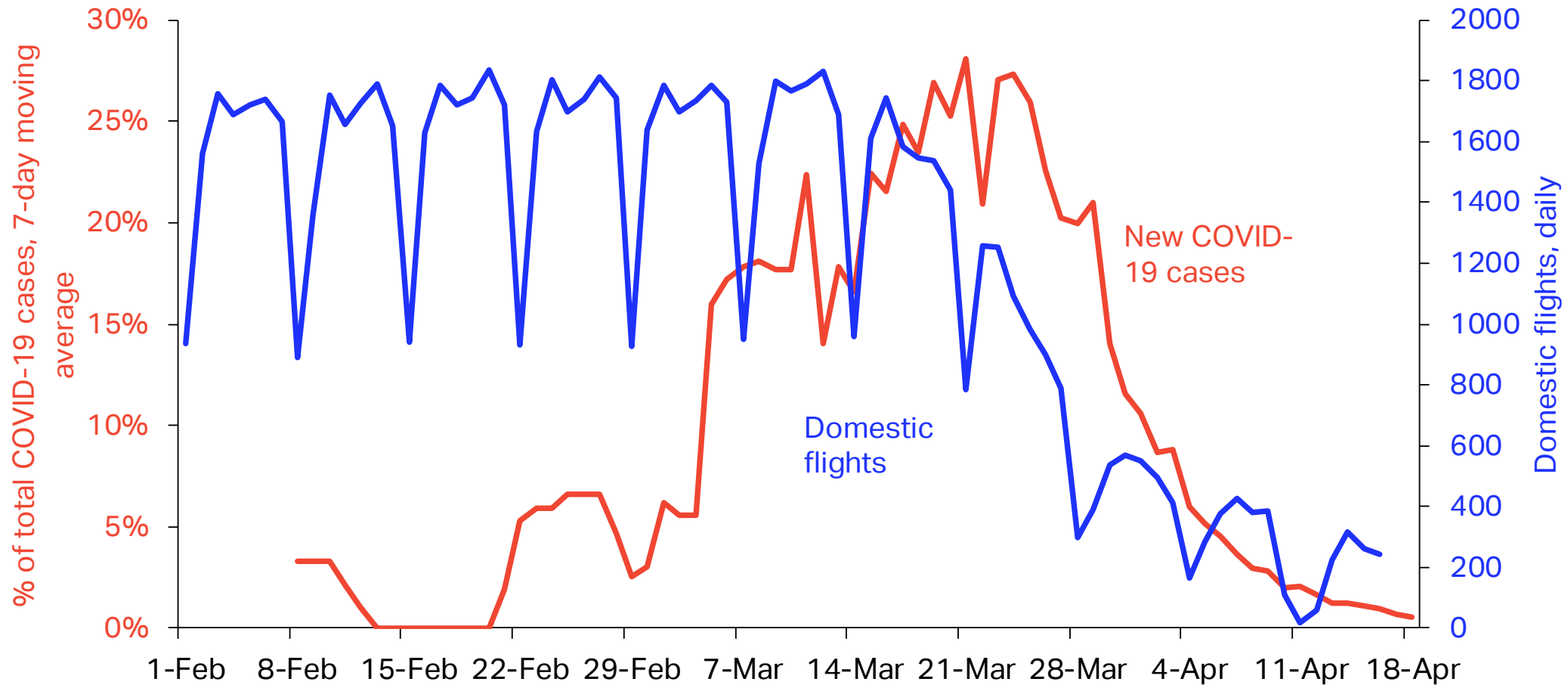


Source: IATA Economics using data from the World Health Organization (WHO)

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

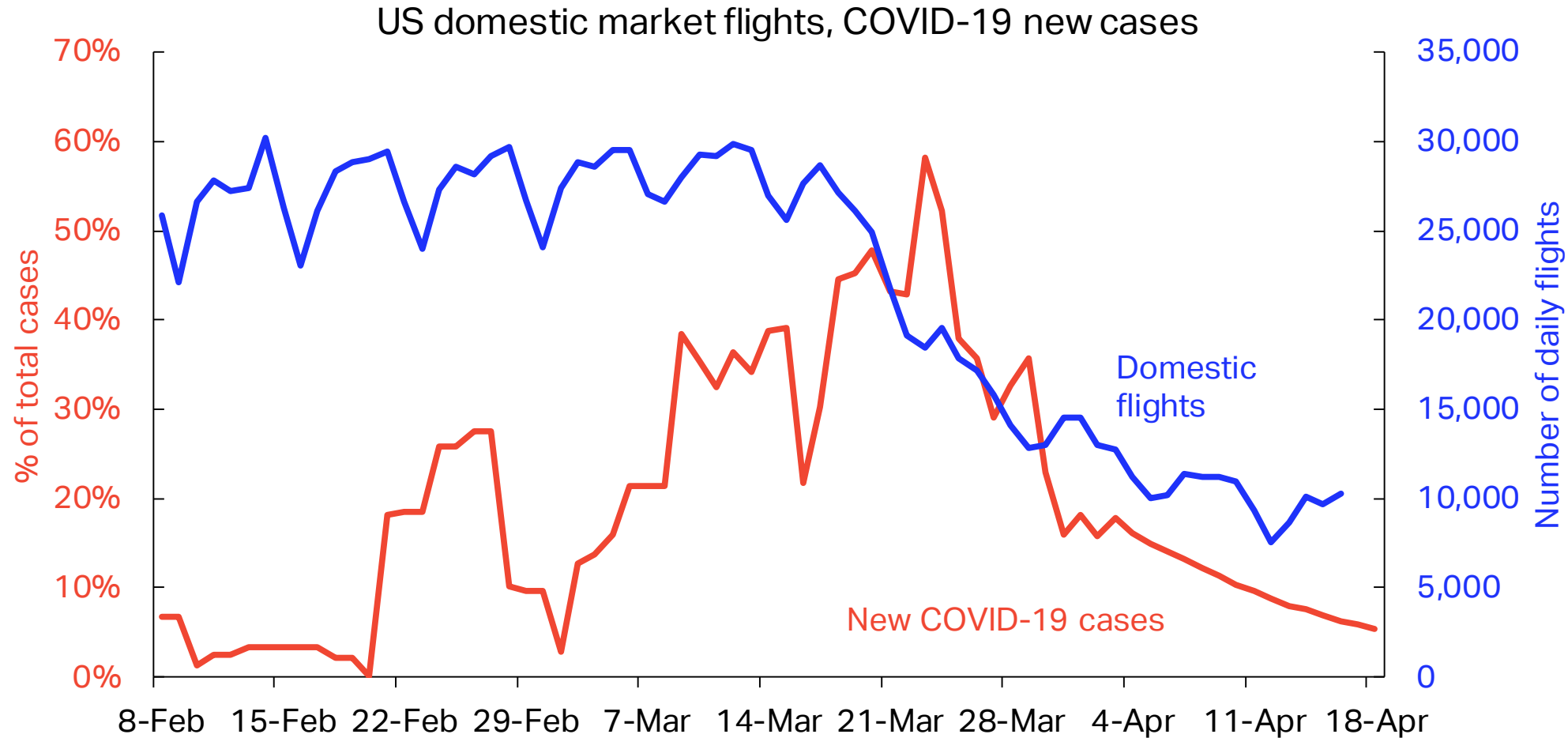


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US domestic market stabilized by policy measures

CARES and other measures stopping decline. New cases slowing rapidly

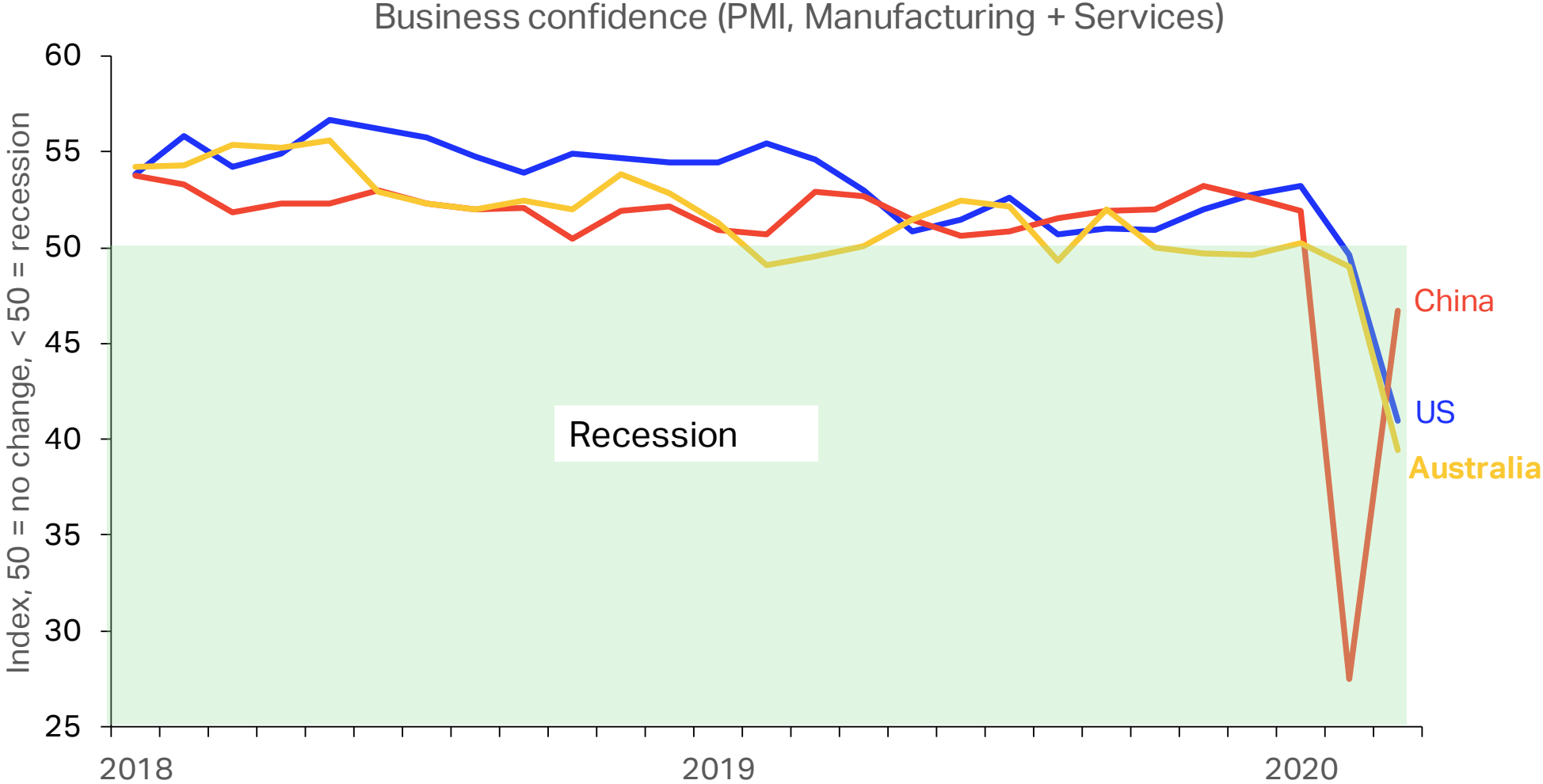


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But once markets are open there needs to be confidence

Business (but not consumer) confidence up in China, not elsewhere



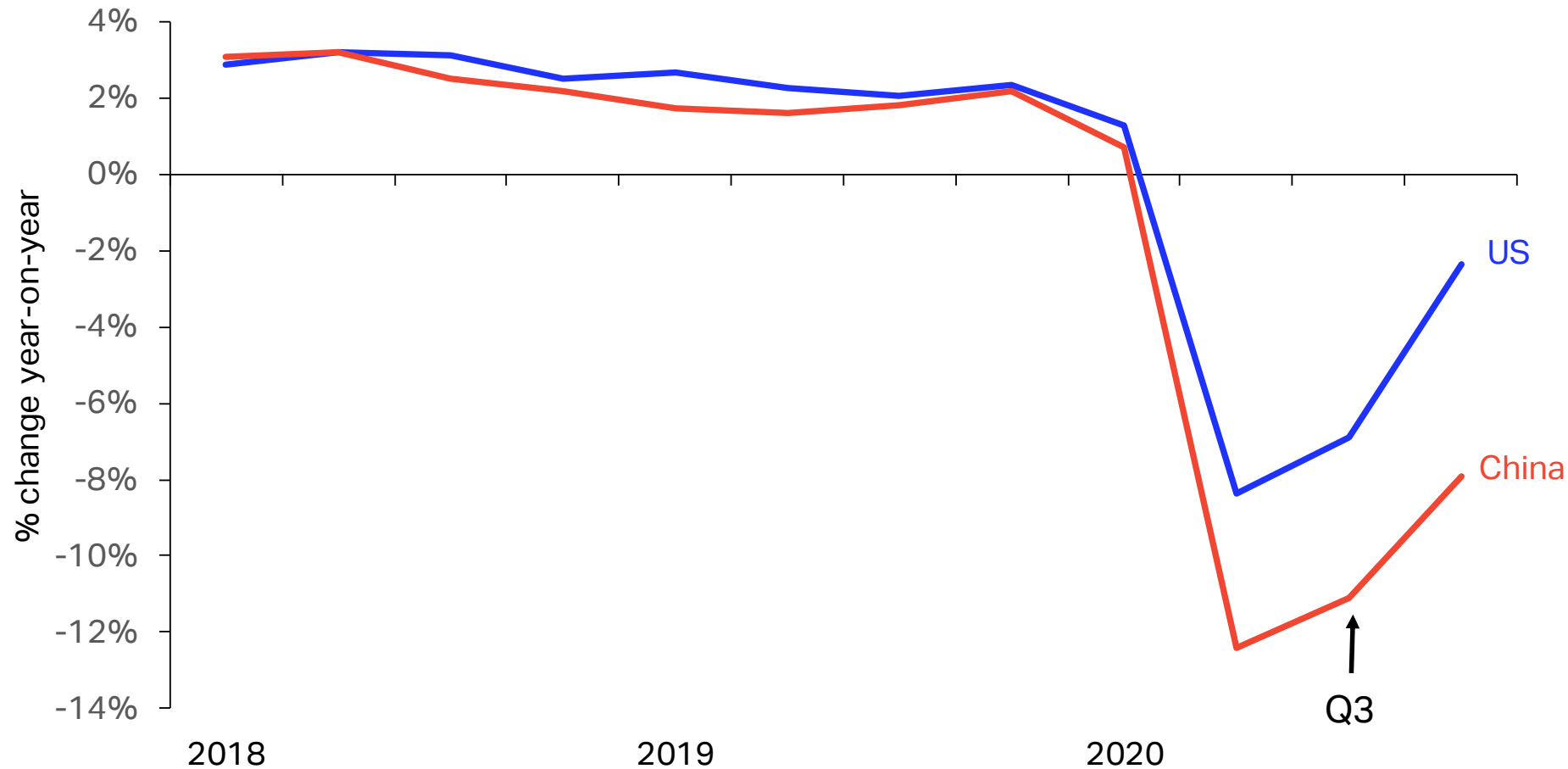
Source: IATA Economics using data from Markit



Recession will damage passenger confidence in Q3

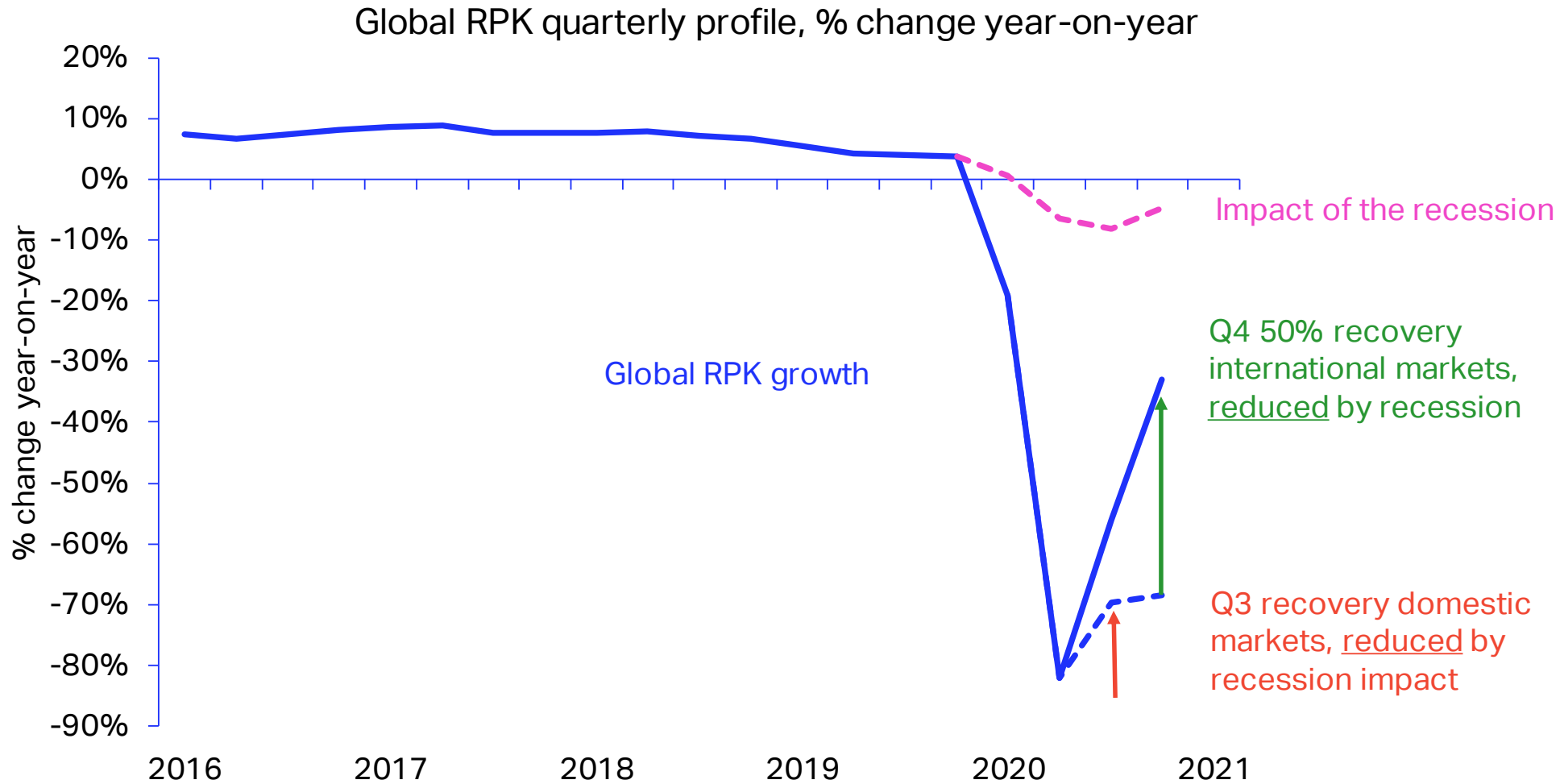
Economic forecasts show a small improvement in GDP growth in Q3

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



As a result Q3 rise in domestic air travel likely to be slow

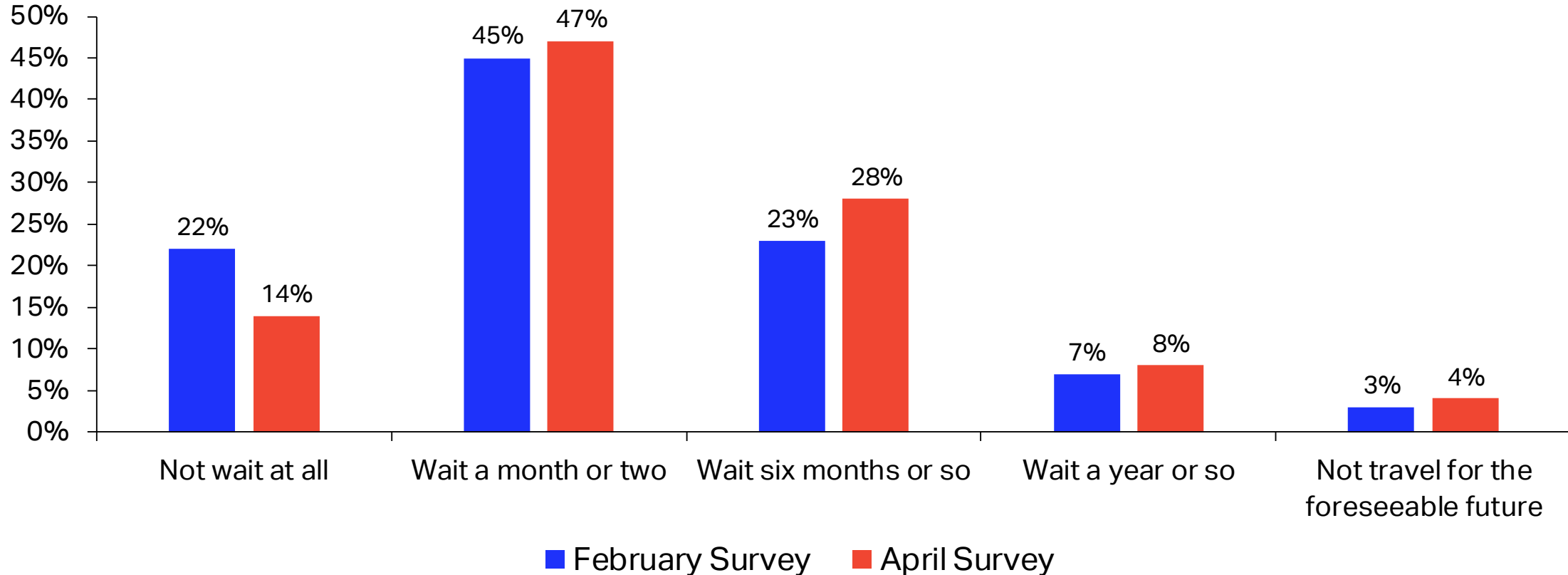
Domestic markets should open first, but demand will be slow to return



Restoring passenger confidence will be crucial

40% of passengers say they will wait 6 months or more before travelling

Returning to Travel After Containment Announcement



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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