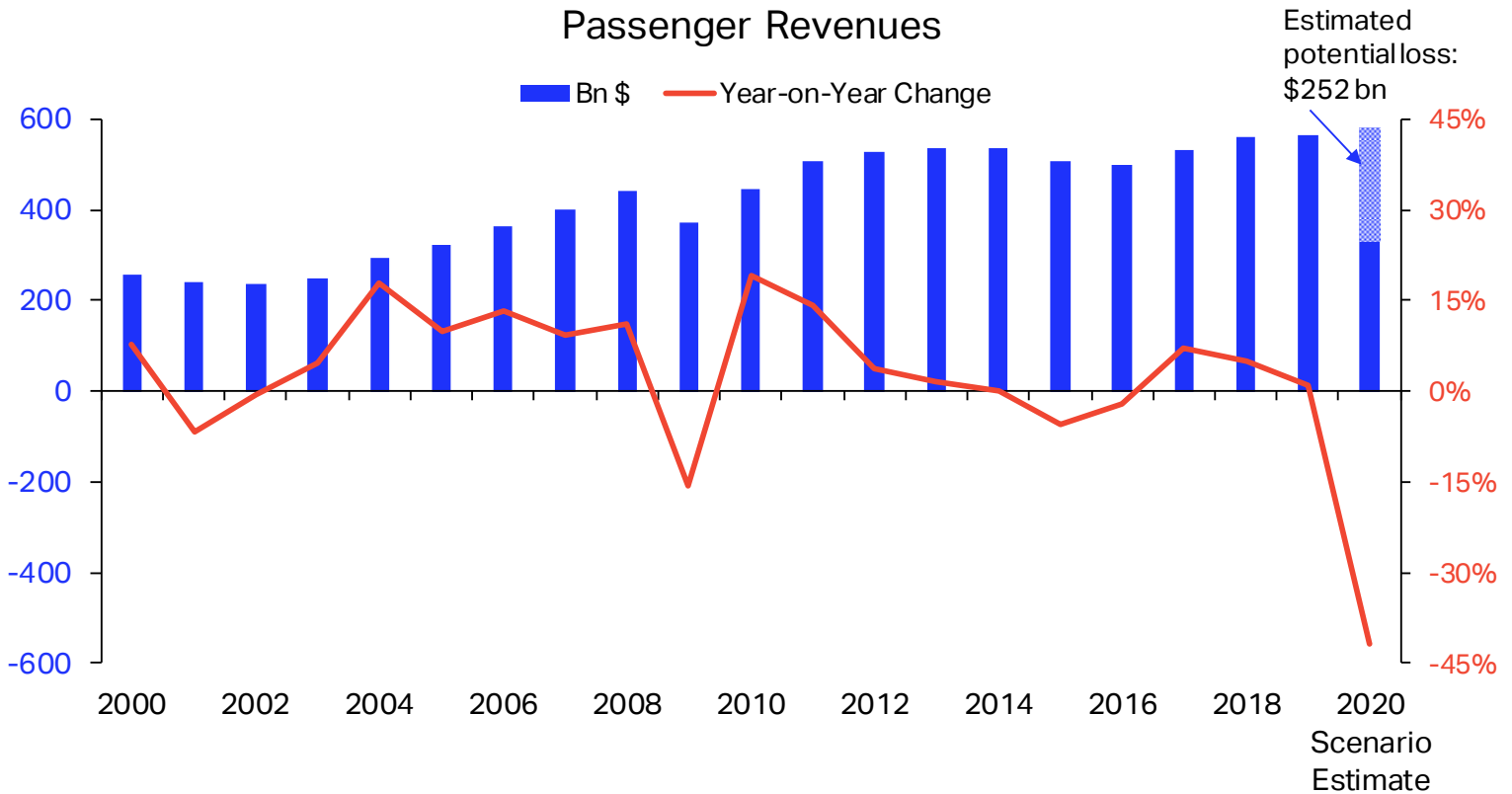




IATA Economics' Chart of the Week

27 March 2020

COVID-19 delivers unprecedented shock



Source: IATA Economics

- This week, we released an [updated impact assessment](#) on airline passenger revenues and RPKs, capturing the more recent developments in the coronavirus outbreak. The situation has both broadened and deepened beyond our 'extensive spread' scenario that we published [earlier this month](#). In response, governments have been imposing much more severe border restrictions and airlines have been subsequently announcing sharp capacity cuts in response to a dramatic drop in travel demand. Cirium estimate that more than 8,500 passenger aircraft have been placed into storage so far, around 1/3 of the total global passenger fleet.
- Today's chart shows the possible industry-wide revenue loss under a scenario which assumes a three month 'lock-down' of the global air travel market and only a gradual U-shaped recovery in demand, that results in industry capacity (ASKs) falling by more than 30% in 2020. Notwithstanding some recent signs of some upturn in the China domestic market, for the industry as whole we expect the recovery process will be slower than the 6-7 month timeframe observed in [past epidemics](#). The extension of recovery time reflects both the staggered timing of the start of the virus outbreak in different regions and the expected global recession which will continue to impact passenger demand even after the border restrictions are lifted.
- Given the assumptions above, we estimate that passenger revenues will be \$252 billion lower this year compared to 2019 and RPKs will decline by 38% in year-on year terms. Against the backdrop of this unprecedented shock, these latest findings highlight the immediate and critical liquidity challenge facing airlines. With most airlines having less than [three months liquidity](#), simply surviving this extended period of turmoil will be no simple task for the majority.

Terms and Conditions for the use of this IATA Economics Report and its contents can be found here: www.iata.org/economics-terms
By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.

IATA Economics
economics@iata.org