COVID-19

Outlook for air travel in the next 5 years

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Air travel may recover more slowly than most of economy
Global RPKs recover 2019 levels in 2023, 2 years behind GDP recovery

Source: IATA/Tourism Economics, Air Passenger Forecasts, April 2020
Governments have provided unprecedented support. Wage subsidies, grants and loans should allow strong GDP rebound.

Government support for economy in 2020, % of GDP

- Germany
- Italy
- Japan
- United Kingdom
- France
- Australia
- United States
- Spain
- Canada
- Korea
- Brazil
- Indonesia
- China
- Argentina
- Turkey
- Russia
- Saudi Arabia
- Mexico
- India
- South Africa

Spending and tax measures
Loans, equity injections, guarantees

Source: IATA Economics using data from the IMF’s World Economic Outlook, April 2020
Central banks have also injected cash into economies. The US Federal Reserve has added cash equivalent to 12% of US GDP.

Source: IATA Economics using data from Refinitiv Datastream.
Business confidence has rebounded in China
As lock-down relaxed in China ‘V-shaped’ rise of business confidence

Source: IATA Economics using data from Markit
Solving health challenge critical for international travel
Until vaccine, opening borders to travel requires fall in COVID-19 risk

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

Russia
India
Brazil
US
Japan
China

Source: IATA Economics using data from the World Health Organization (WHO)
China domestic air travel lagging business confidence
Rise in flights with return to work & VFR, but discretionary travel weak

China domestic flights, COVID-19 new cases

Daily rate of change in Covid-19 Cases, 7-day moving average

Source: IATA Economics analysis based on WHO data, and data provided under license by FlightRadar 24. All rights reserved.
Average trip length will fall sharply
Domestic markets open first and initial preference for short-haul trips

Source: IATA/Tourism Economics, Air Passenger Forecasts, April 2020
International RPKs will lag domestic air travel markets

International air travel may not recover 2019 levels until 2023-24

Global domestic and international RPKs, indexed 2019=100

Source: IATA/Tourism Economics, Air Passenger Forecasts, April 2020
Long-term drivers for expanded demand remain. Populous emerging markets are still likely to want more air services.

Source: IATA/Tourism Economics, Air Passenger Forecasts, April 2020

Airline passenger trips per year and GDP per capita

Trips per capita

GDP per capita (US$, inflation-adjusted)

Source: IATA/Tourism Economics, Air Passenger Forecasts, April 2020
Return to growth post-COVID but at a lower level
Global RPKs forecast to be 32%-41% below expected levels in 2021

Global RPK medium term scenarios

2021: 32% below pre-COVID expected level
2025: 10% below pre-COVID expected level
2021: risk that RPKs could be 41% lower

Source: IATA/Tourism Economics, Air Passenger Forecasts, April 2020
Contacts

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