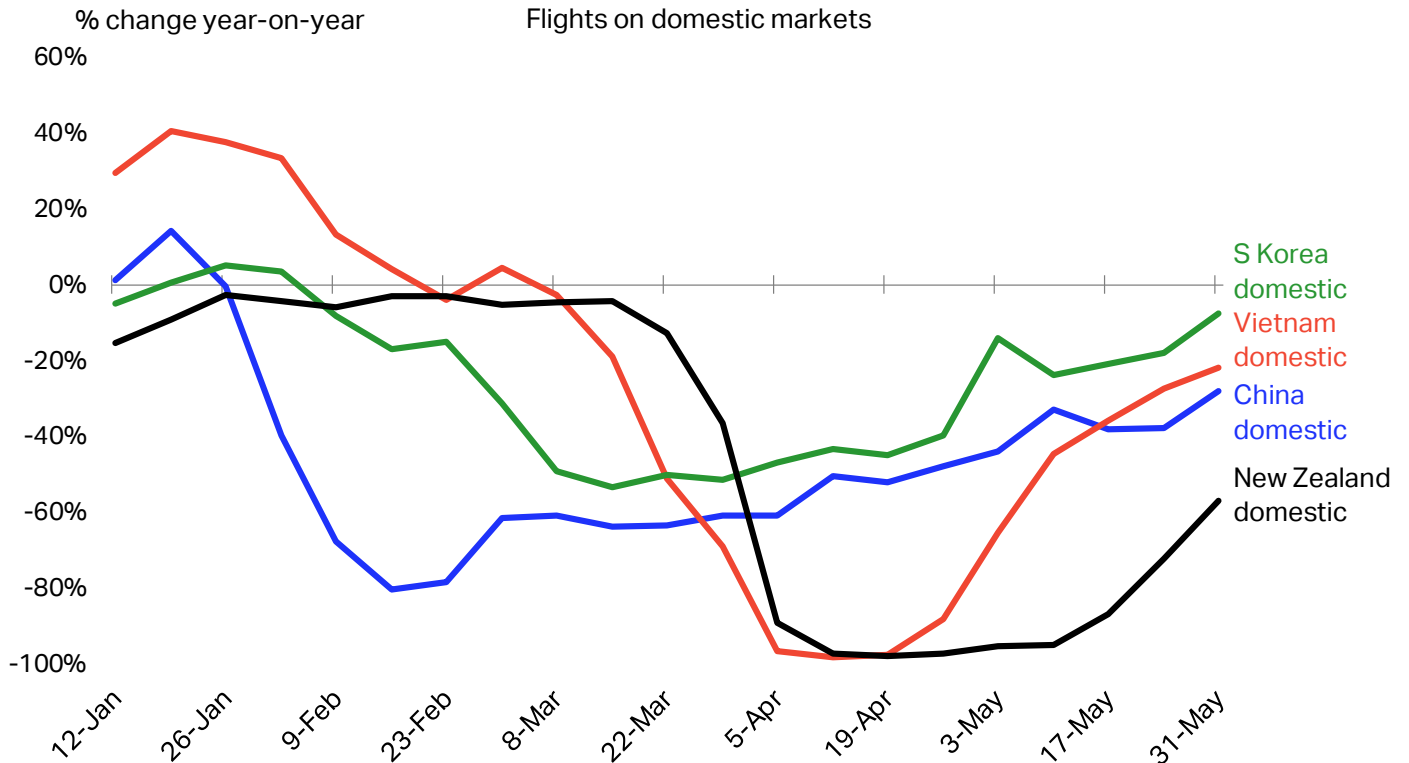




IATA Economics' Chart of the Week

05 June 2020

Domestic Asia Pacific recovery points to improving demand in May



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- We have noted recently our expectation that domestic aviation markets would [recover faster than international](#). Our latest monthly analysis shows that traffic volumes have likely bottomed in April and [will gradually recover](#), with the initial support of domestic travel. This week's chart shows the pattern of domestic market recovery in a sample of countries which appear to have contained COVID-19 successfully.
- South Korea, Vietnam, China and New Zealand are amongst the domestic markets showing clear signs of rebound. South Korea has been successful at containing the spread of COVID-19, with muted daily growth rate in COVID-19 cases since early April. The country kept a relatively light-touch lockdown in place, helping to maintain a moderate level of air transport operations; traffic was down ~55% yoy during the worst week (ending March 15).
- Vietnam and New Zealand both reacted quickly to the pandemic by implementing strict containment measures early in the crisis, which resulted in generally low growth in the number of cases but also brought air transport to a halt. Vietnam eased most social isolation rules on April 23, while New Zealand took a similar step around May 13. In both cases, those decisions were followed by a robust recovery in the number of flight operations. Chinese airlines maintained a skeleton network throughout the crisis. Despite the pandemic being mostly under control in China since mid-March, the domestic market recovered relatively slowly. More generally in many domestic markets, airlines adjusted their fares down (c. -25%yoy in May) to stimulate demand on internal routes.
- All the above markets are located in Asia Pacific, the first region to have been impacted by the virus. The propagation of the outbreak suggests that we might see domestic markets recovering in Europe in the coming weeks, followed by domestic markets in the rest of the world. While international volumes will remain muted in the near term, the domestic recovery points to global passenger volumes lifting off the [record lows seen in April](#).

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