

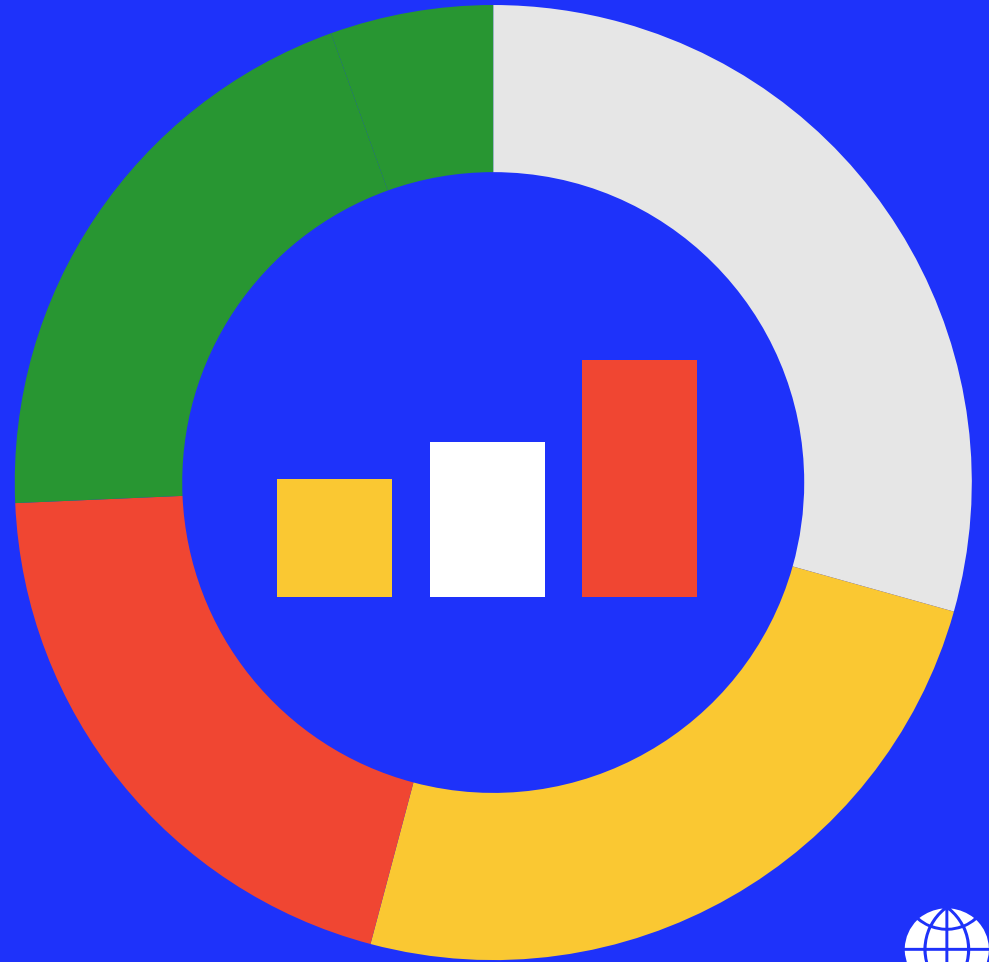
# COVID-19

## Outlook for air travel and air cargo markets

Brian Pearce

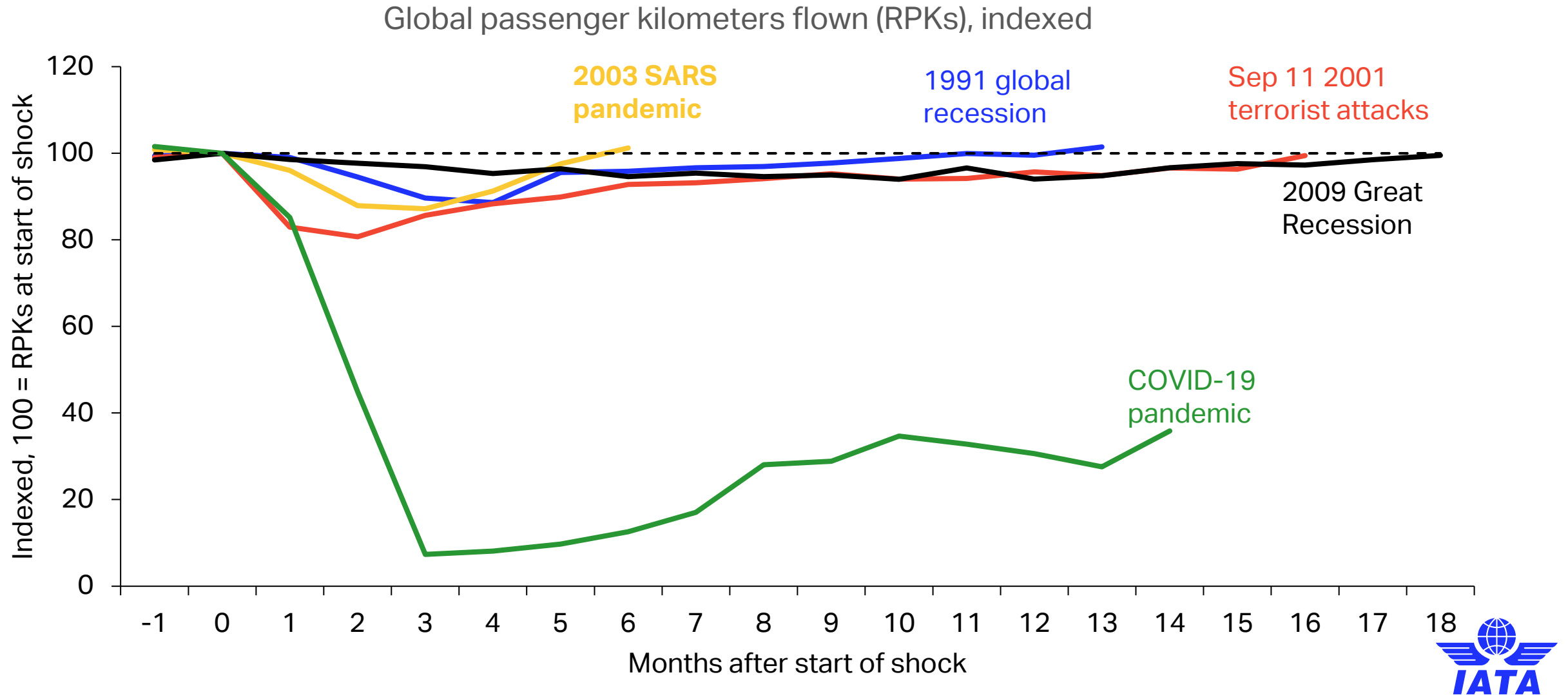
Chief Economist

8<sup>th</sup> June 2021



# Demand shocks do not usually have long-lasting impacts

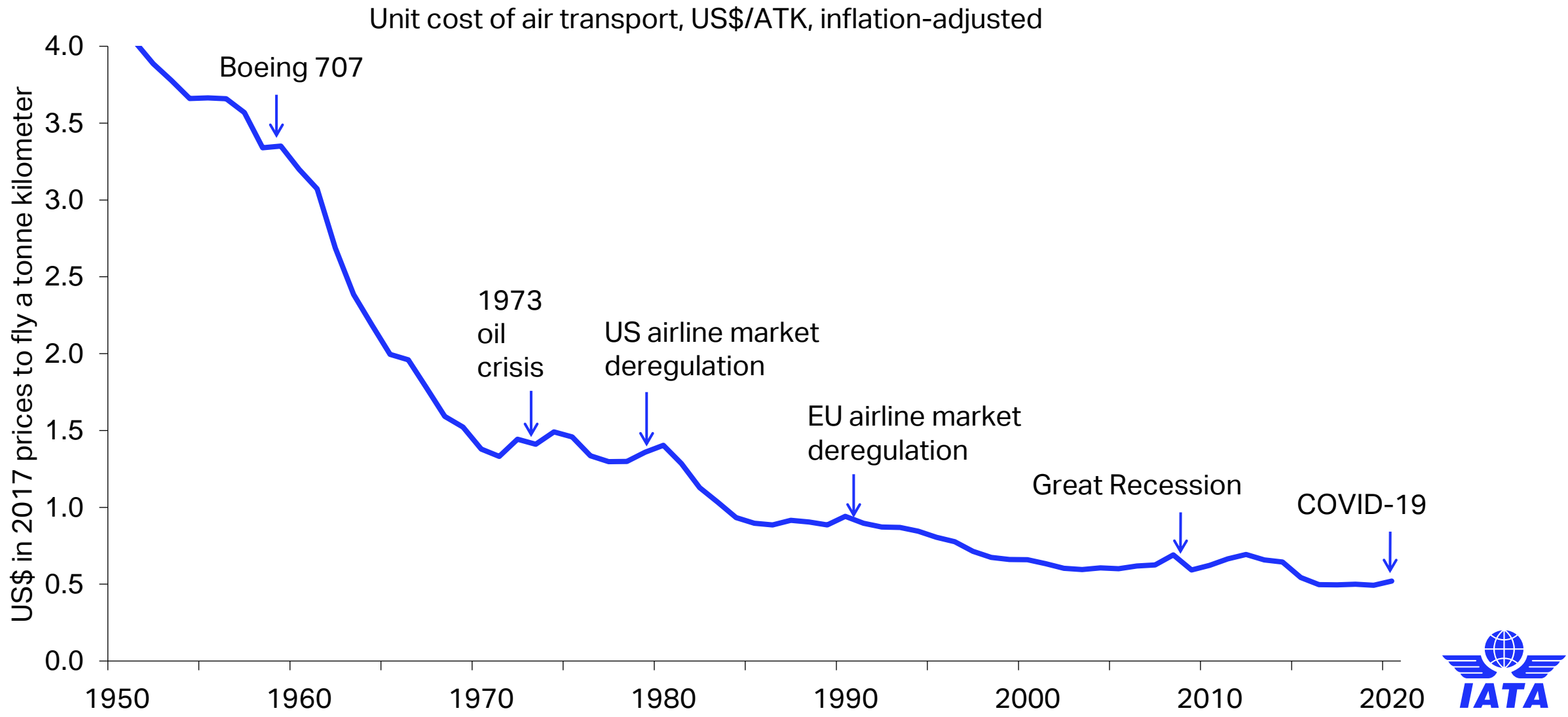
Previous shocks cut 5-20% from RPKs but recovered after 6-18 months



Source: IATA Economics using data from IATA Monthly Statistics. Data is adjusted for seasonality.

# Structural change in aviation driven by the supply-side

Technology, liberalization & innovation drove unit costs down 90%



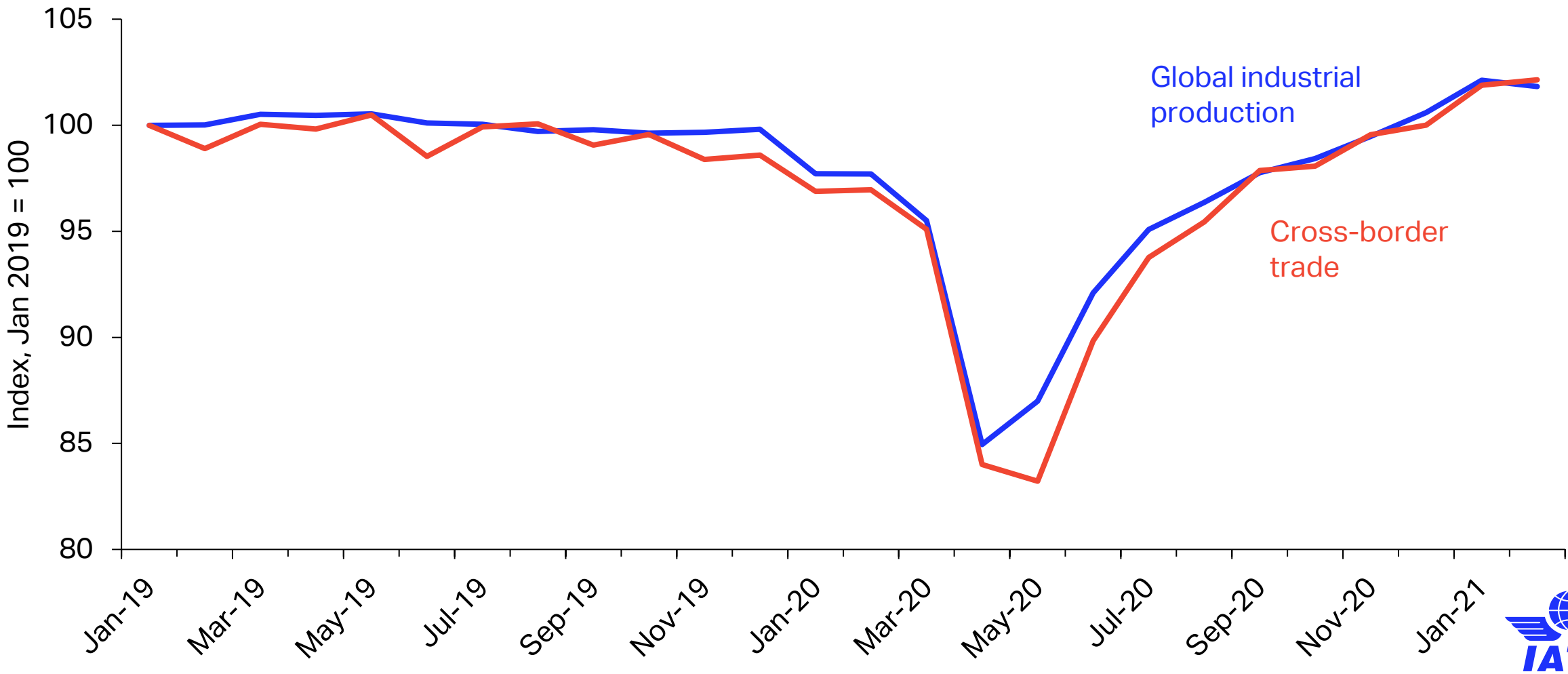
Source: IATA Economics using data from ICAO, IATA Statistics and OECD



# Global economy already back above pre-crisis output

## Global industrial production and trade 2% above 2019 levels by February

Global industrial production and cross-border trade, indexed

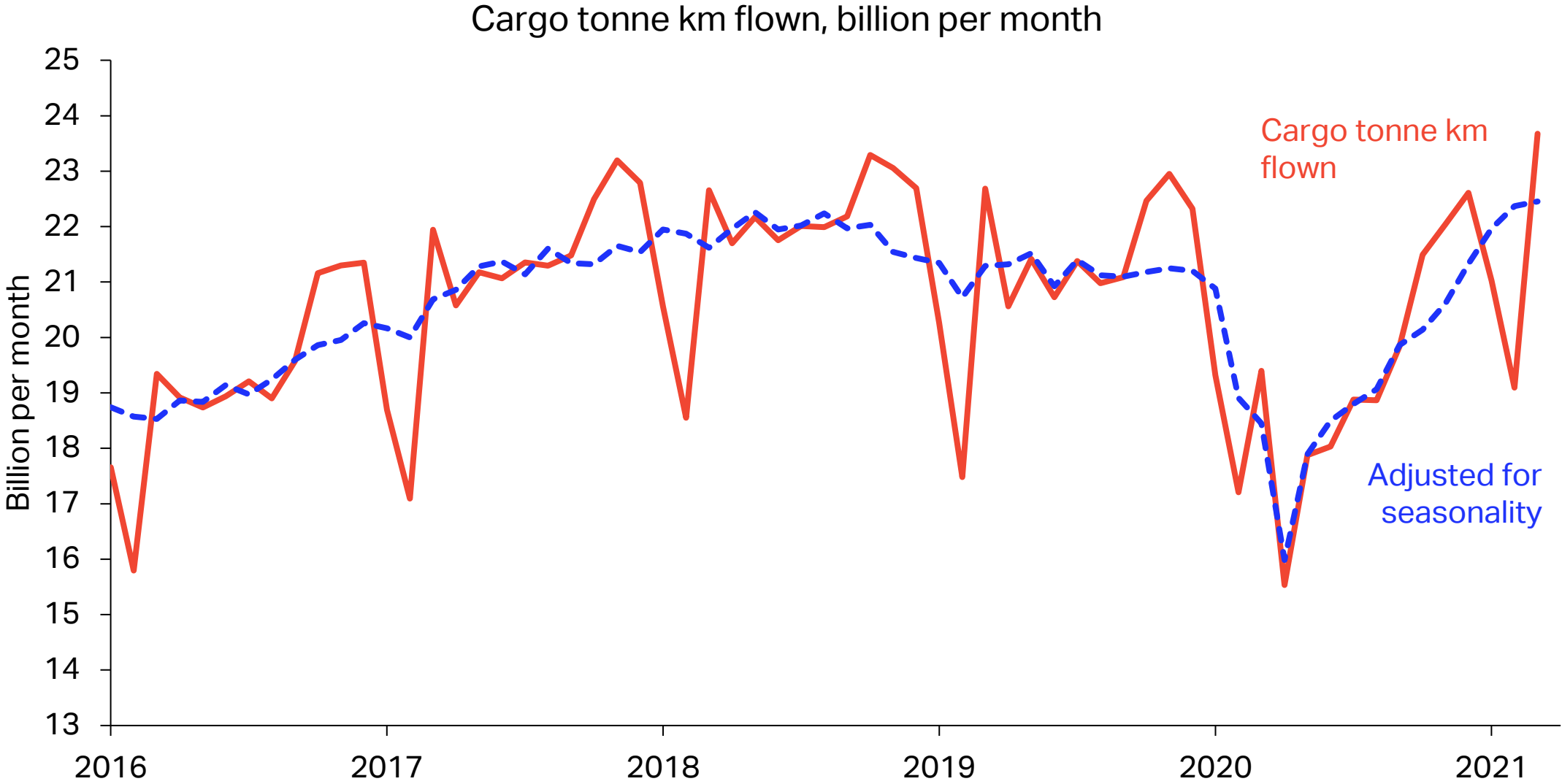


Source: IATA Economics using data from ICAO, IATA Statistics and OECD



# Record high for air cargo tonne km flown in March

Cargo tonne km (CTKs) flown rise 4.4% above pre-crisis March 2019 level

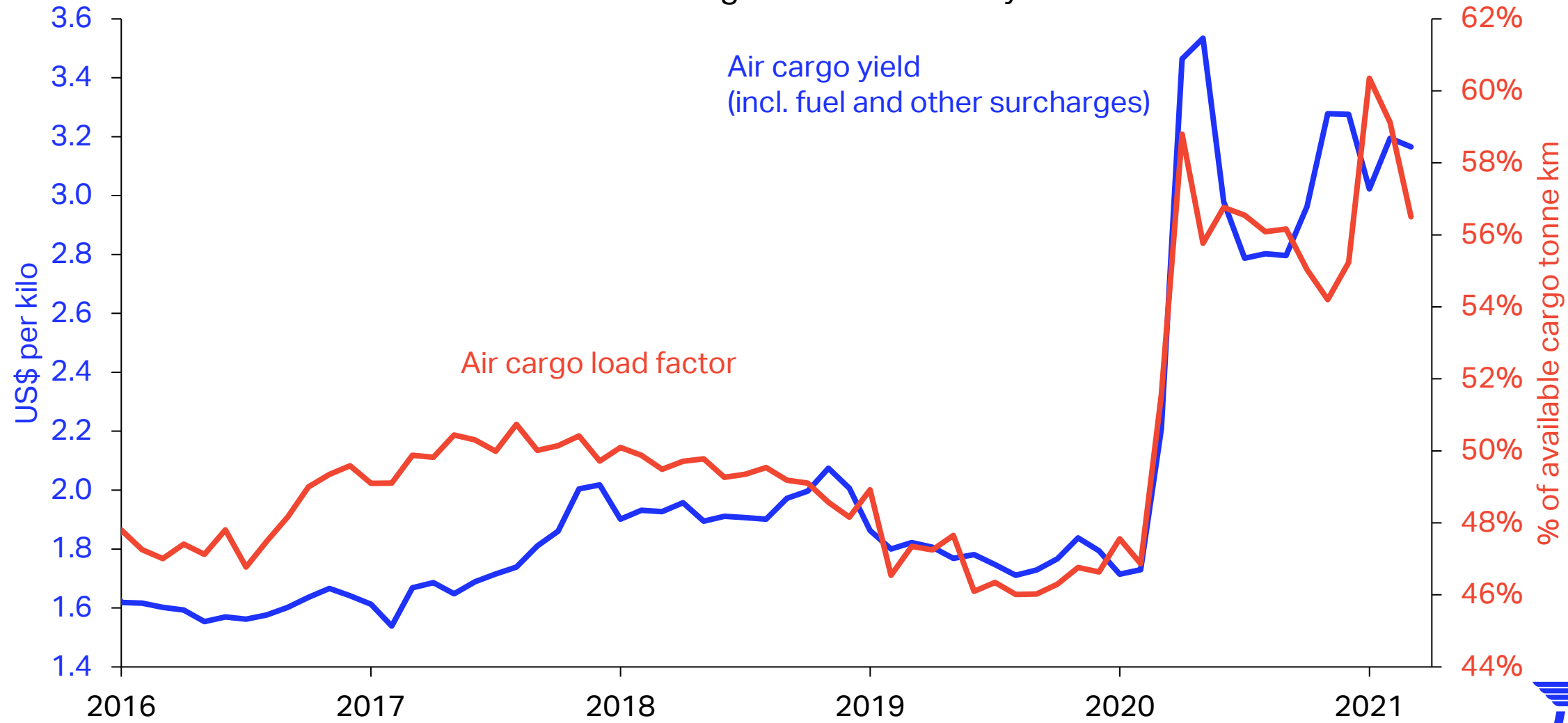


Source: IATA Economics using data from IATA Monthly Statistics

# Yields and loads elevated due to capacity shortage

Load factors around 10% points and yields 50% higher than normal

Global air cargo load factor and yield

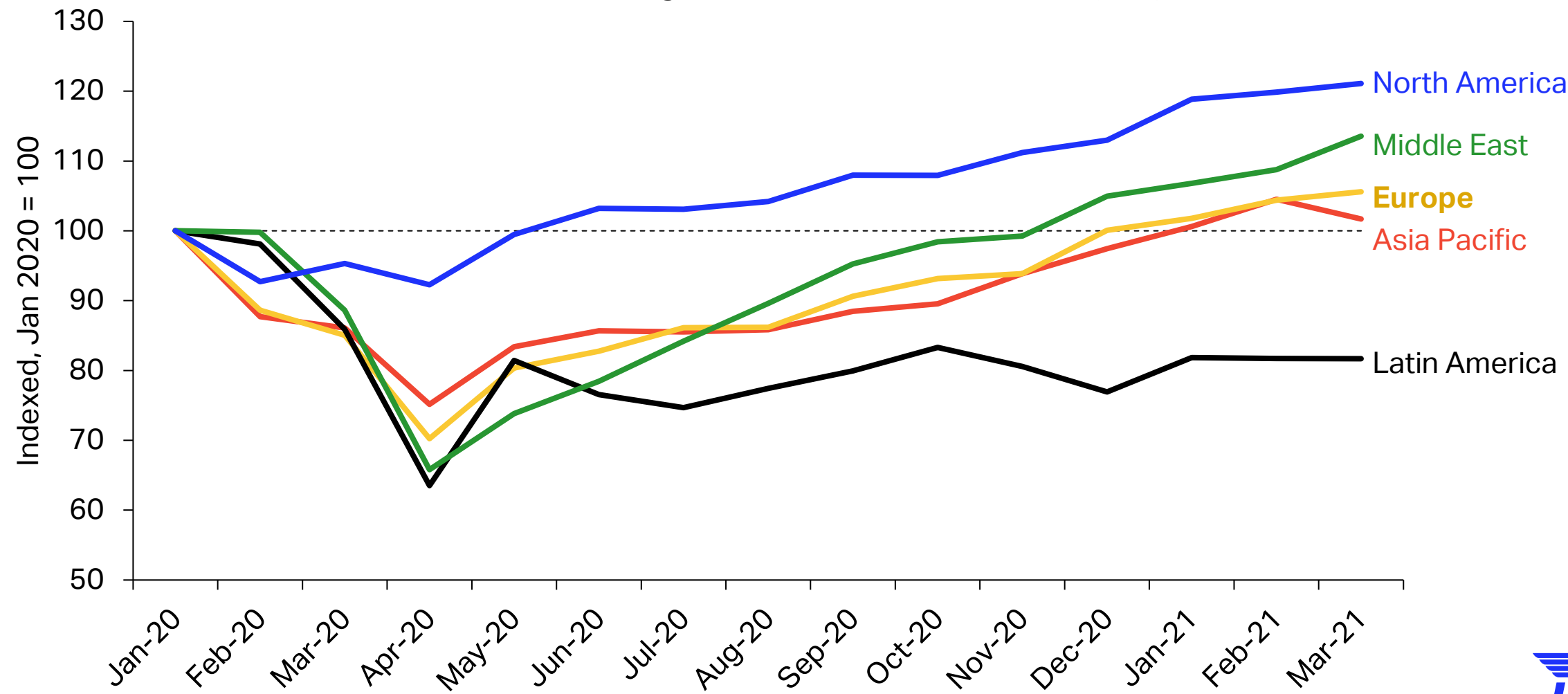


Source: IATA Economics using data from IATA Monthly Statistics and CargoIS

# Airline performance depending on trade lane exposure

## N American airlines strong growth in air cargo, in contrast to L America

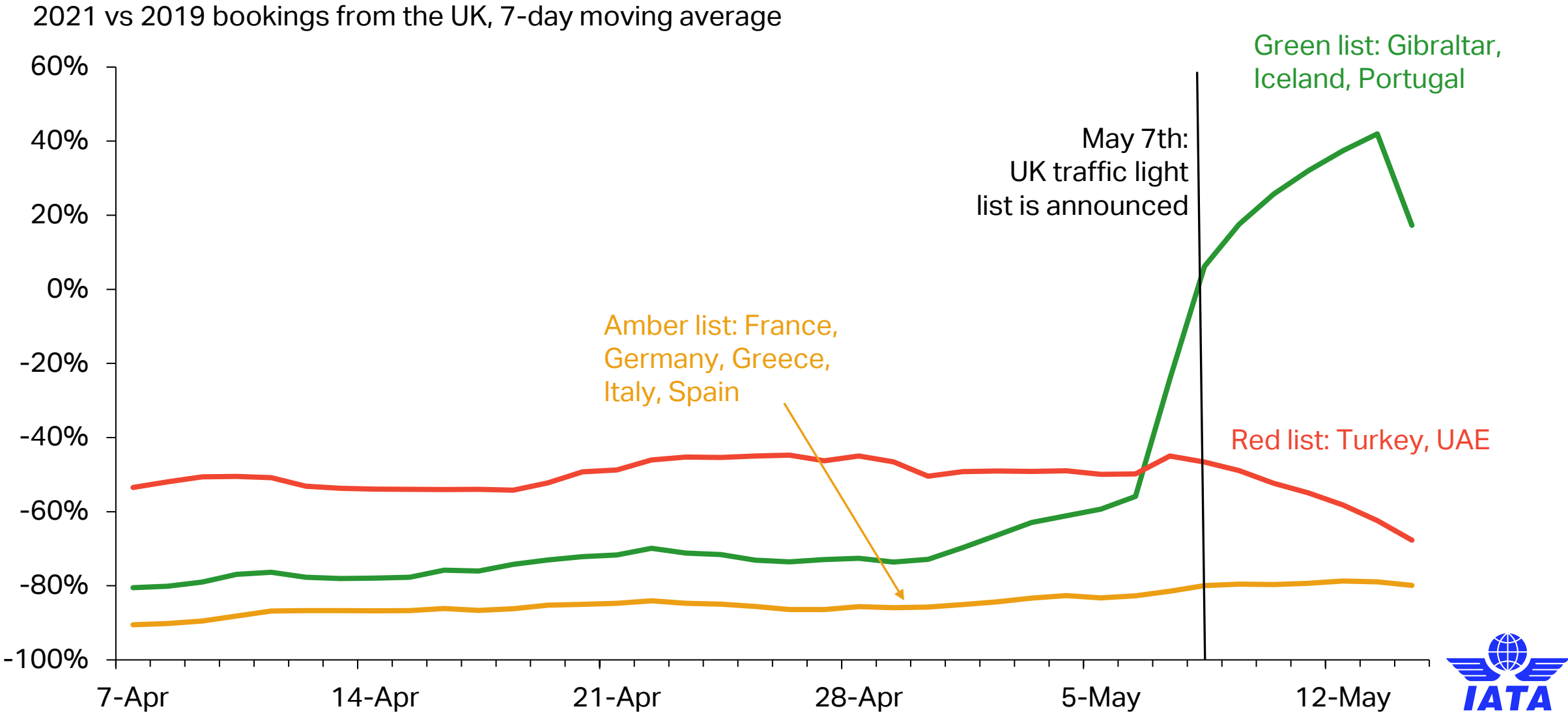
International cargo tonne km flown, seasonally adjusted



Source: IATA Economics using data from IATA Monthly Statistics

# Strong evidence of pent-up demand for leisure air travel

## Latest evidence from surge of UK bookings for air travel to 'green list'



Source: IATA Economics using data from DDS

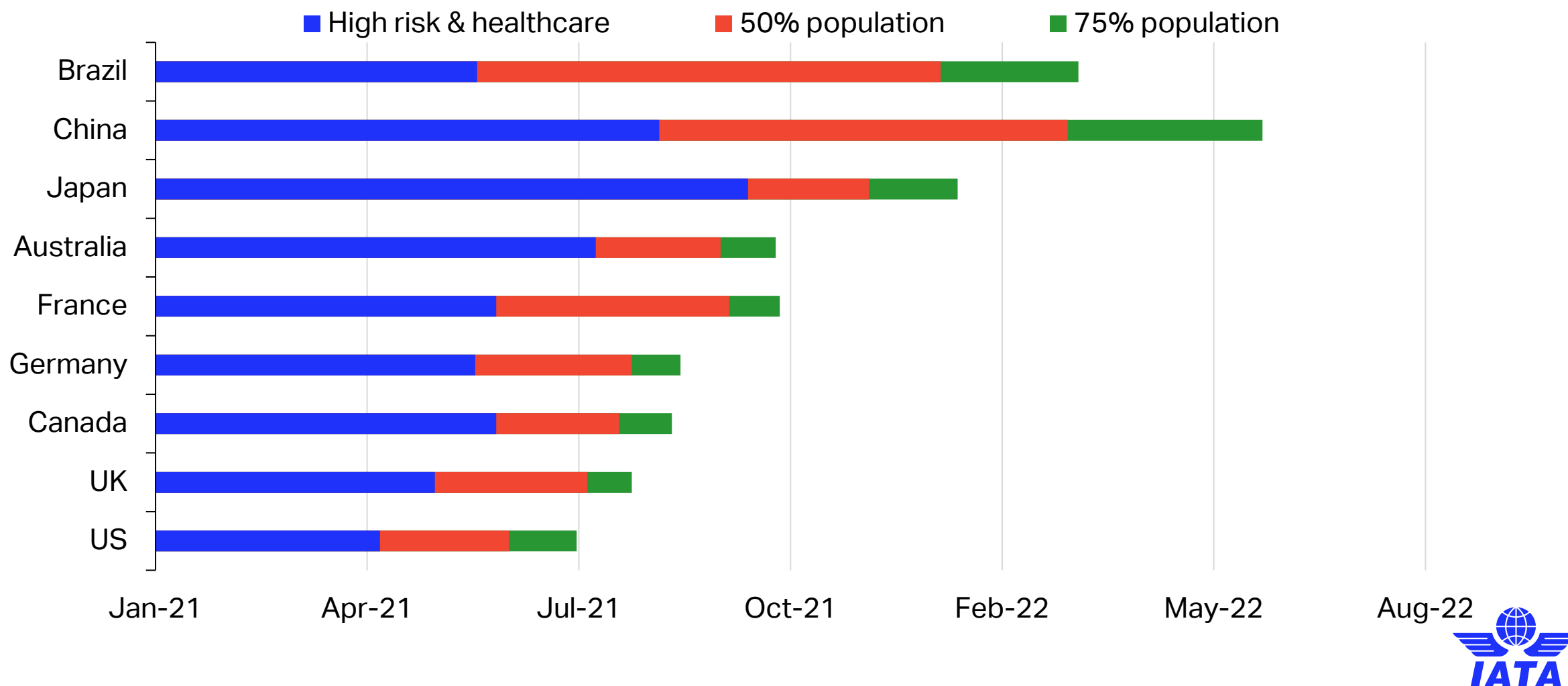




# Vaccination should allow staged reopening of air travel

## Widespread vaccination should allow some key market to open in H2

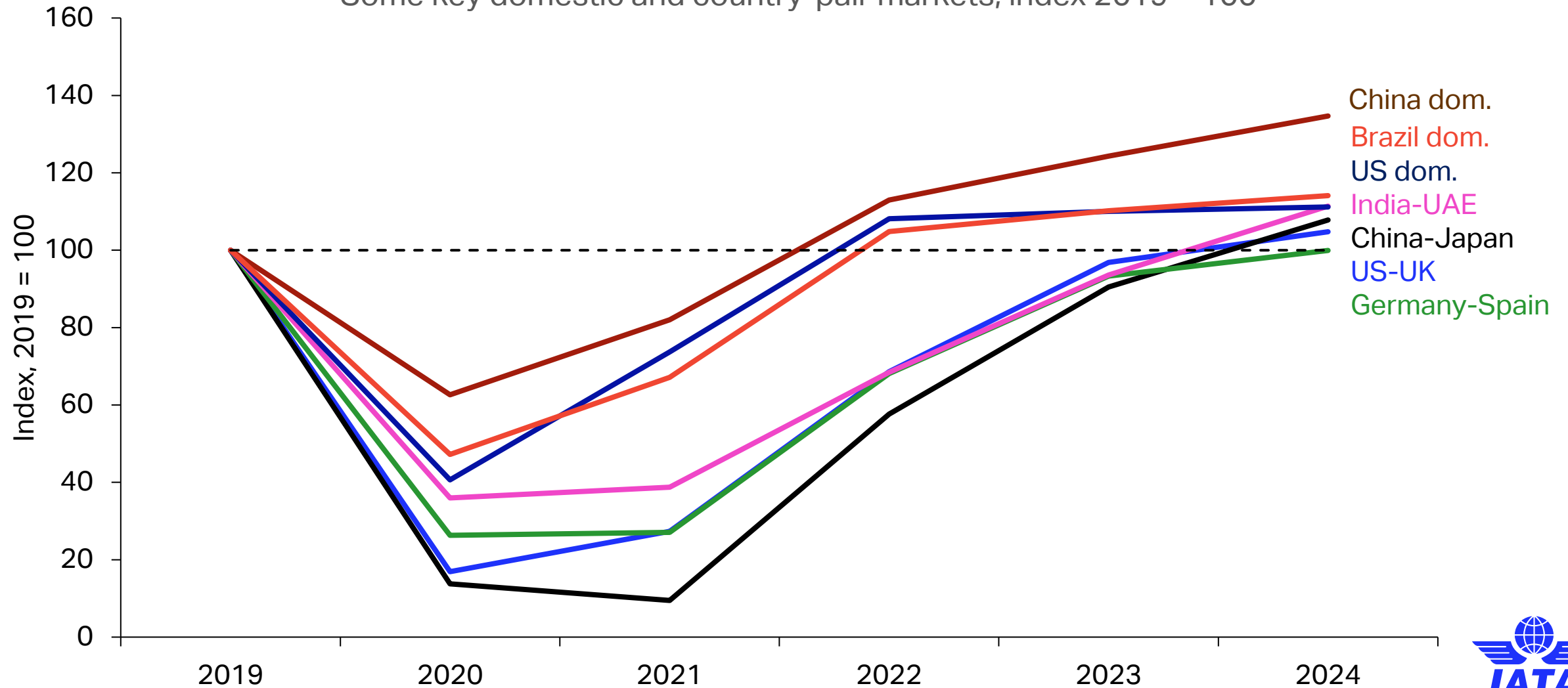
Airfinity's vaccination rollout forecast



# Different markets will recover at different paces

## Recovery profile dependent on restrictions, vaccination, risk-aversion

Some key domestic and country-pair markets, index 2019 = 100



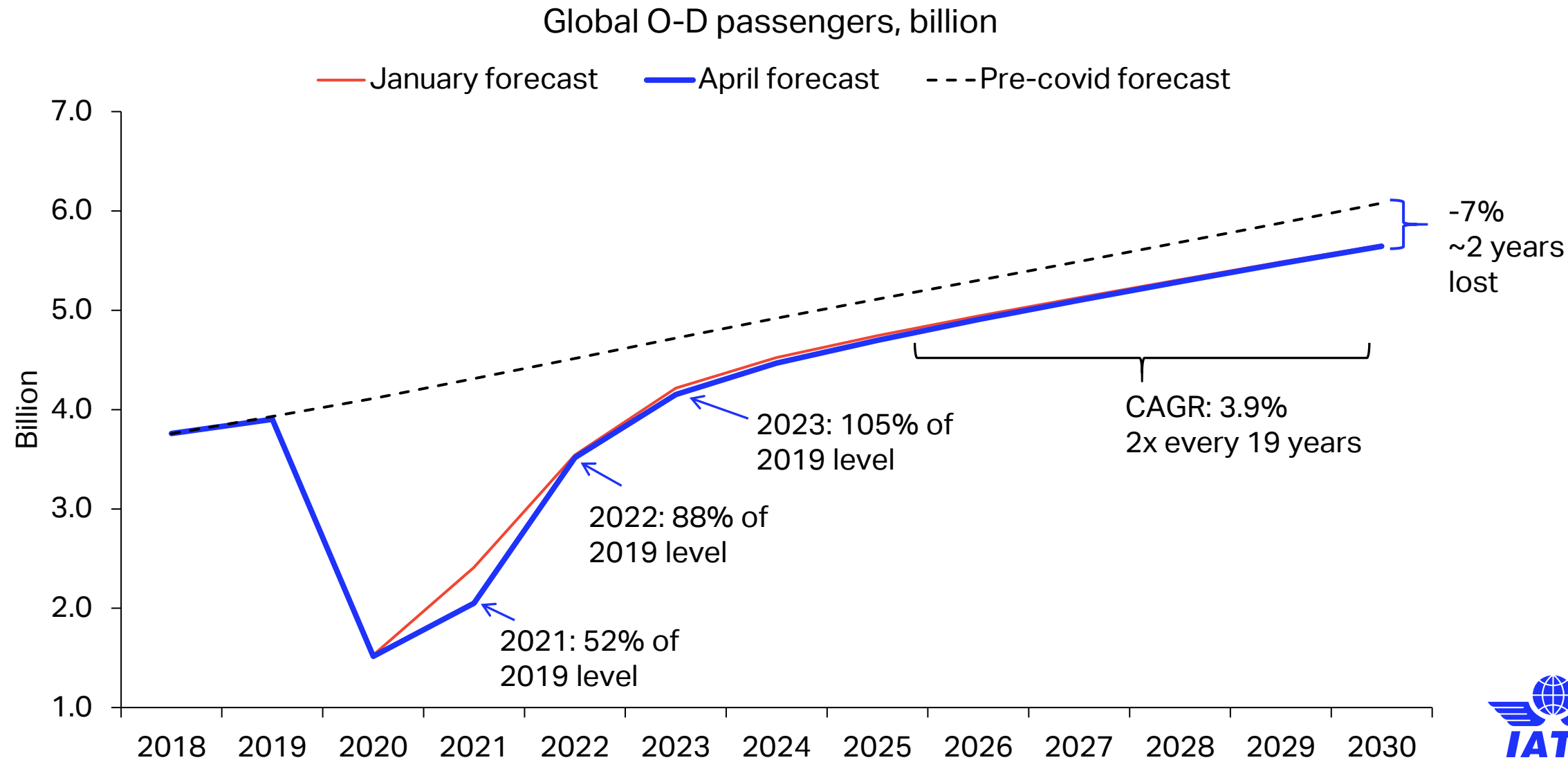
# COVID-19 boost East-shift of air travel centre of gravity

Temporary shift East to where we forecast centre of gravity in 20 years



# Our baseline view is a long-term loss of 2 years growth

Strong rebound when border travel barriers removed but not full recovery

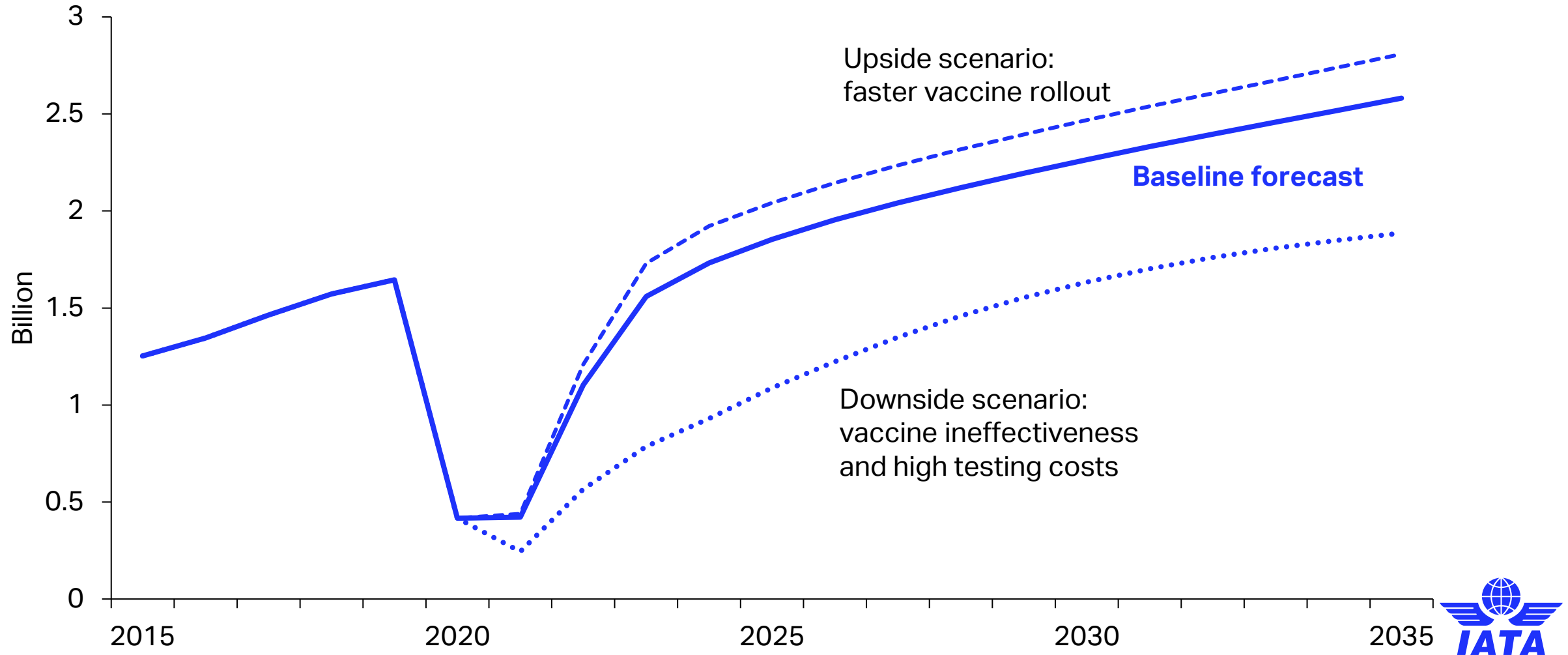


Source: IATA Economics using data from Tourism Economic/IATA Air Passenger Forecast, April 2021.

# But there are other scenarios

## International air travel recovery not yet visible or certain

International air passenger departures, origin-destination count





# Contacts

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