COVID-19

Outlook for air travel and air cargo markets

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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%

Unit cost of air transport, US$/ATK, inflation-adjusted

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

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

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

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’

2021 vs 2019 bookings from the UK, 7-day moving average

-100% -80% -60% -40% -20% 0% 20% 40% 60%
7-Apr 14-Apr 21-Apr 28-Apr 5-May 12-May 2021 vs 2019 bookings from the UK, 7-day moving average

Green list: Gibraltar, Iceland, Portugal

May 7th: UK traffic light list is announced

Amber list: France, Germany, Greece, Italy, Spain

Red list: Turkey, UAE

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

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

Source: IATA Economics using data from TE/IATA Air Passenger Forecast, April 2021
Our baseline view is a long-term loss of 2 years growth. Strong rebound when border travel barriers removed but not full recovery.

But there are other scenarios
International air travel recovery not yet visible or certain


Baseline forecast

Upside scenario: faster vaccine rollout

Downside scenario: vaccine ineffectiveness and high testing costs

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