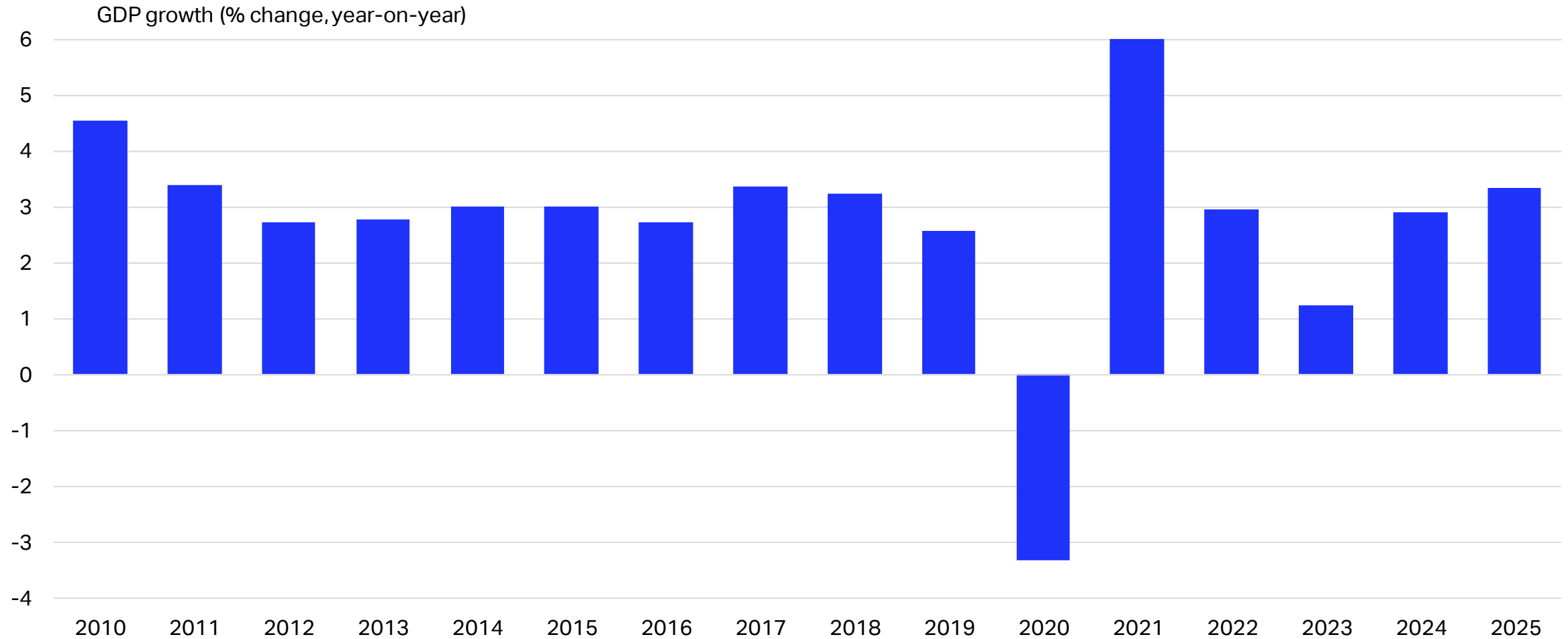


Airline Industry Update and Outlook

Marie Owens Thomsen
Chief Economist

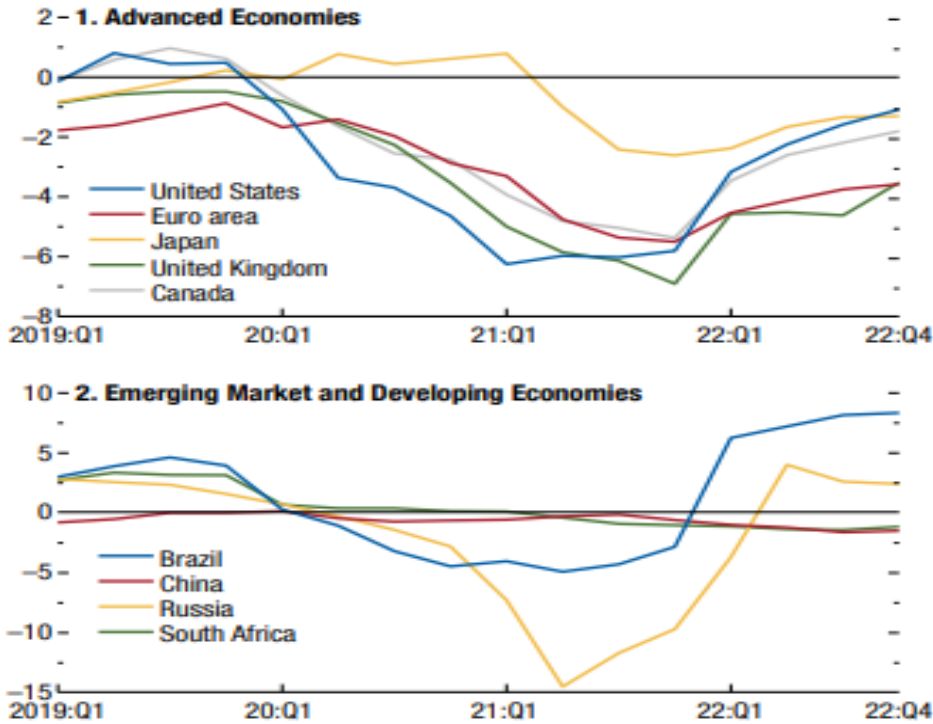


Global GDP growth slows sharply in 2022 and 2023



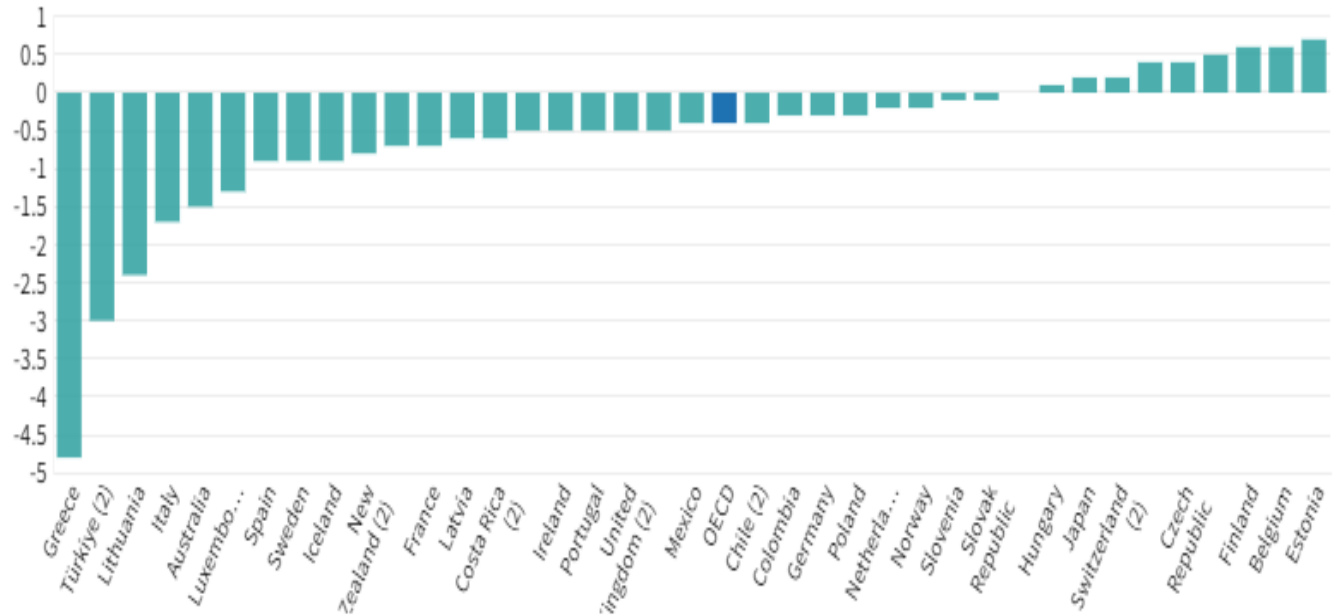
Rates and jobs are GDP-Positives

Rising real rates but still mostly negative



Source: IMF staff calculations.
 Note: Projection for the euro area is estimated using projections for 16 individual euro area countries. Real rate computed as short-term nominal interest rate less core inflation one year ahead.

Change in unemployment rate for OECD countries, Sep 2022 compared with Feb 2020, percentage points



Source: OECD (2022) Short-Term Labour Market Statistics (Database)

(1) For Costa Rica, Chile, and Türkiye change between February 2020 and August 2022; for the United Kingdom, change between February 2020 and July 2022; for Switzerland, change between fourth quarter 2019 and second quarter 2022; for New Zealand, change between fourth quarter 2019 and third quarter 2022.



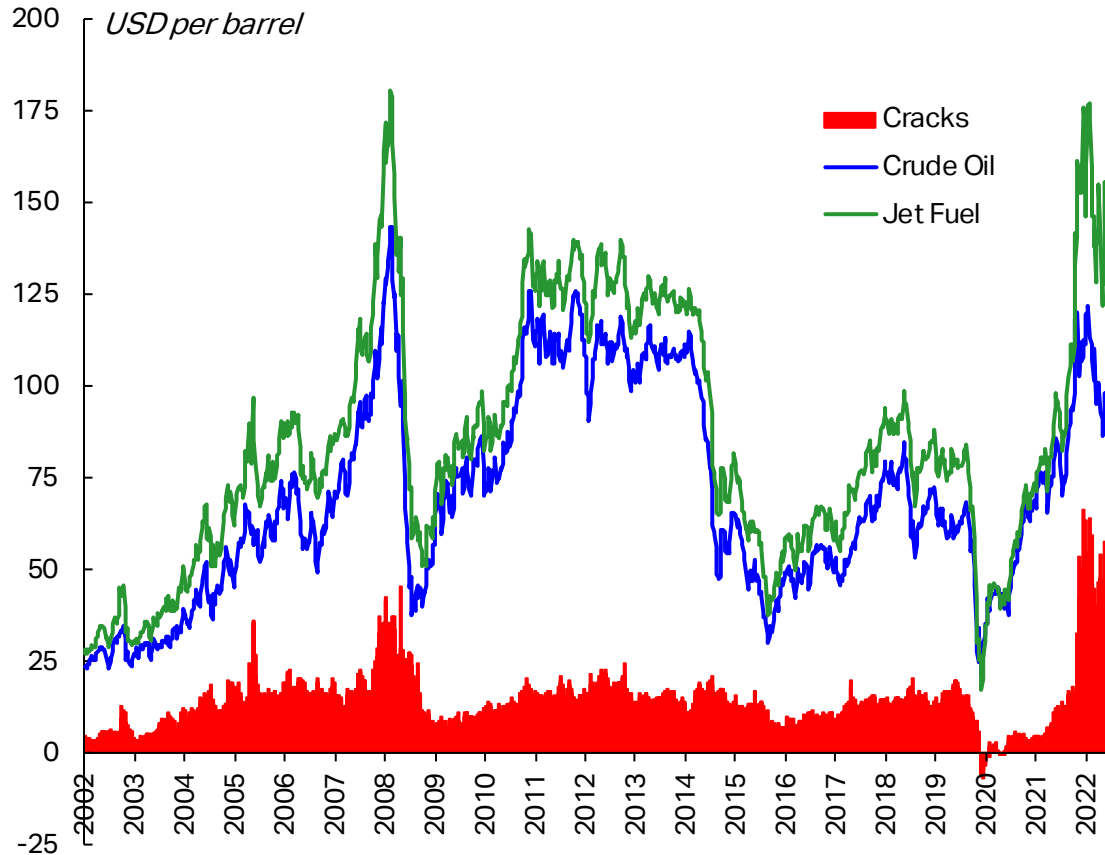
Source: IMF World Economic Outlook, October 2022;
 Unemployment Rates, OECD - Updated: November 2022.

6 December 2022



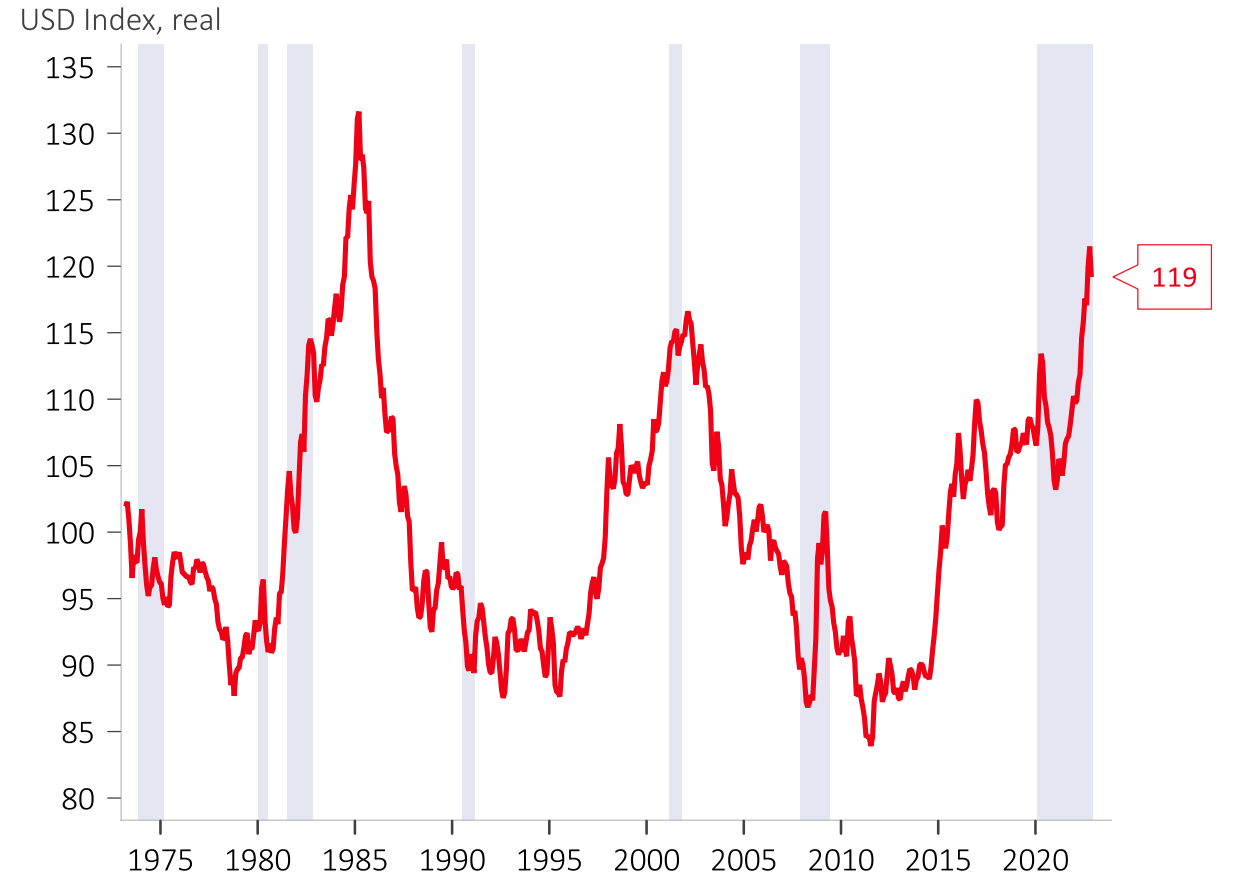
Oil and USD are GDP-Negatives

Jet fuel price and crude oil price



Source: IATA Economics using data from Platts.

Real broad dollar index

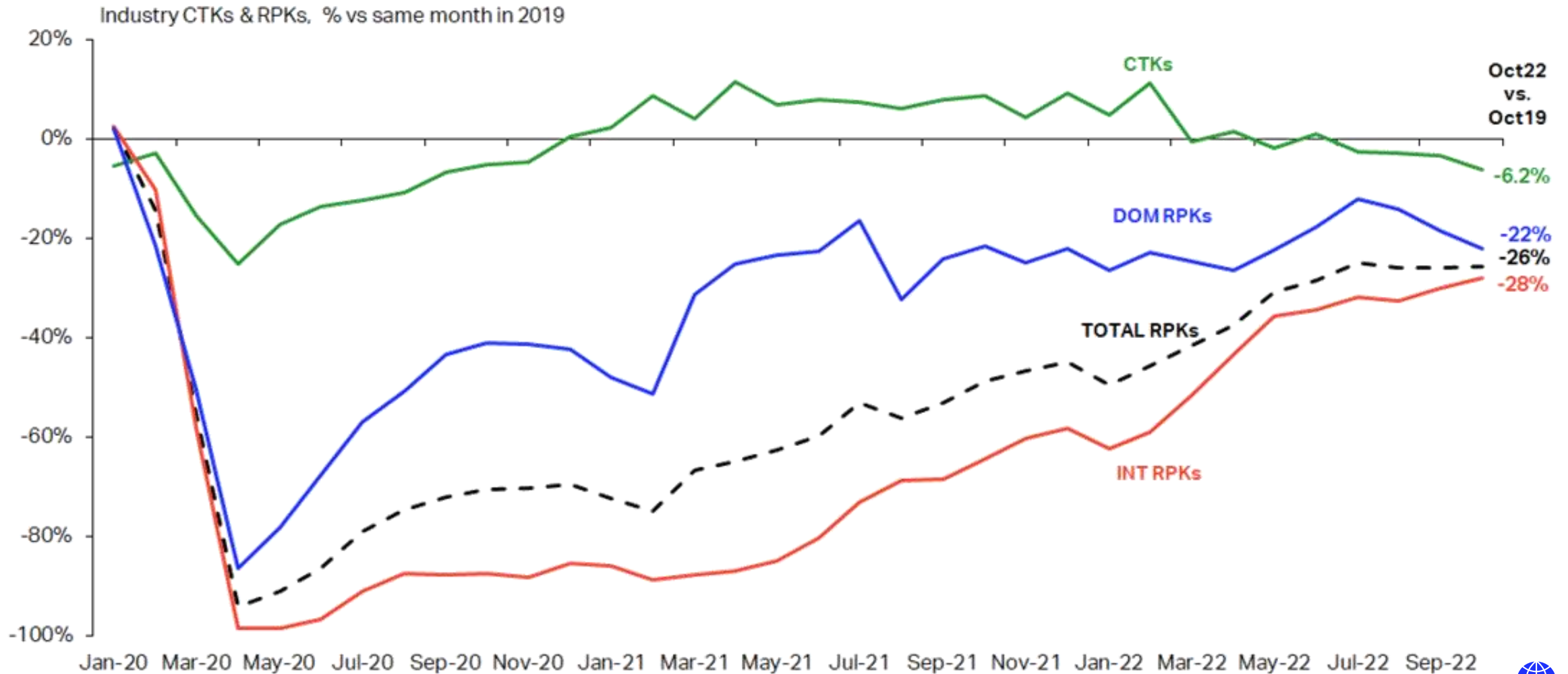


MACROBOND



Recovery remains on track despite headwinds

RPKs are currently 74% of 2019 level, trailing CTKs at nearly 94%



Global demand for air travel remains solid

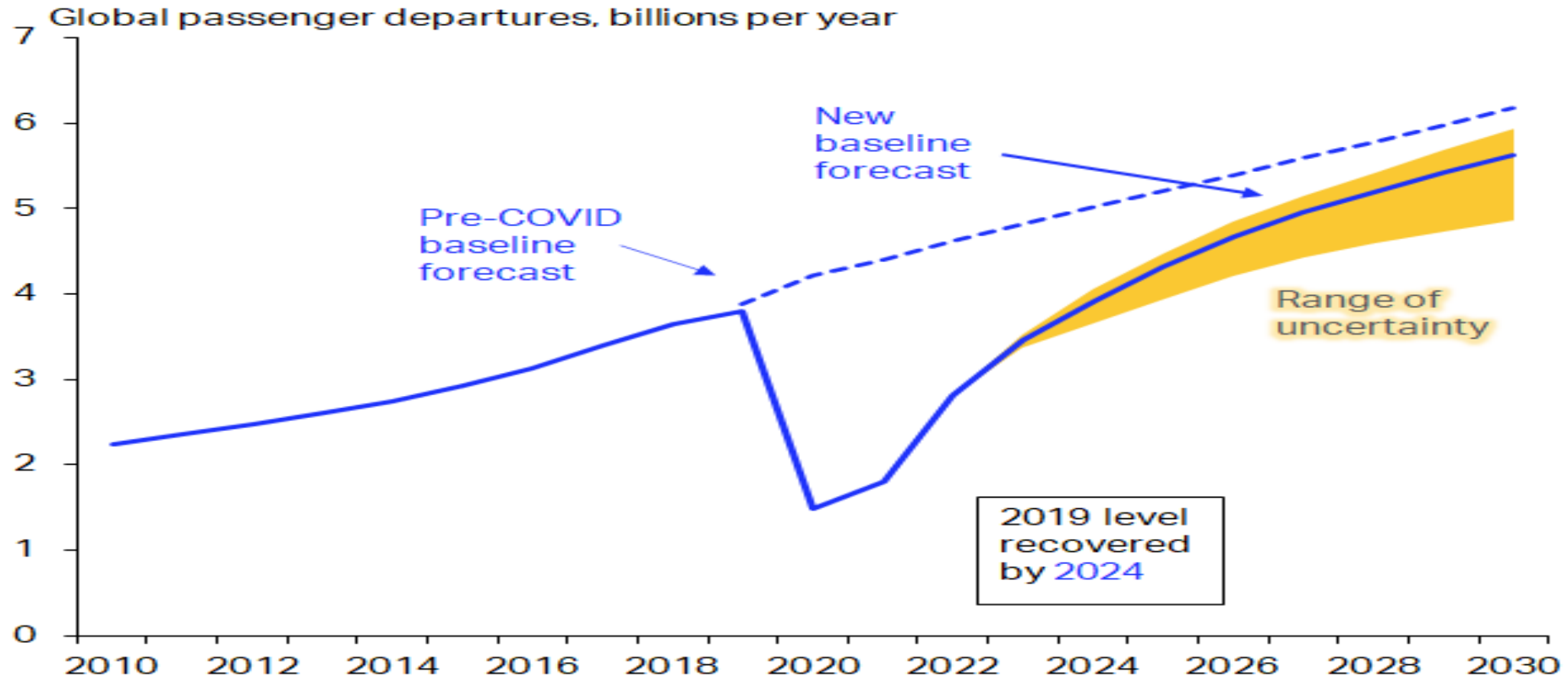
With international catching up with domestic traffic

Bookings by purchase date, year-on-year vs 2019, 7-day



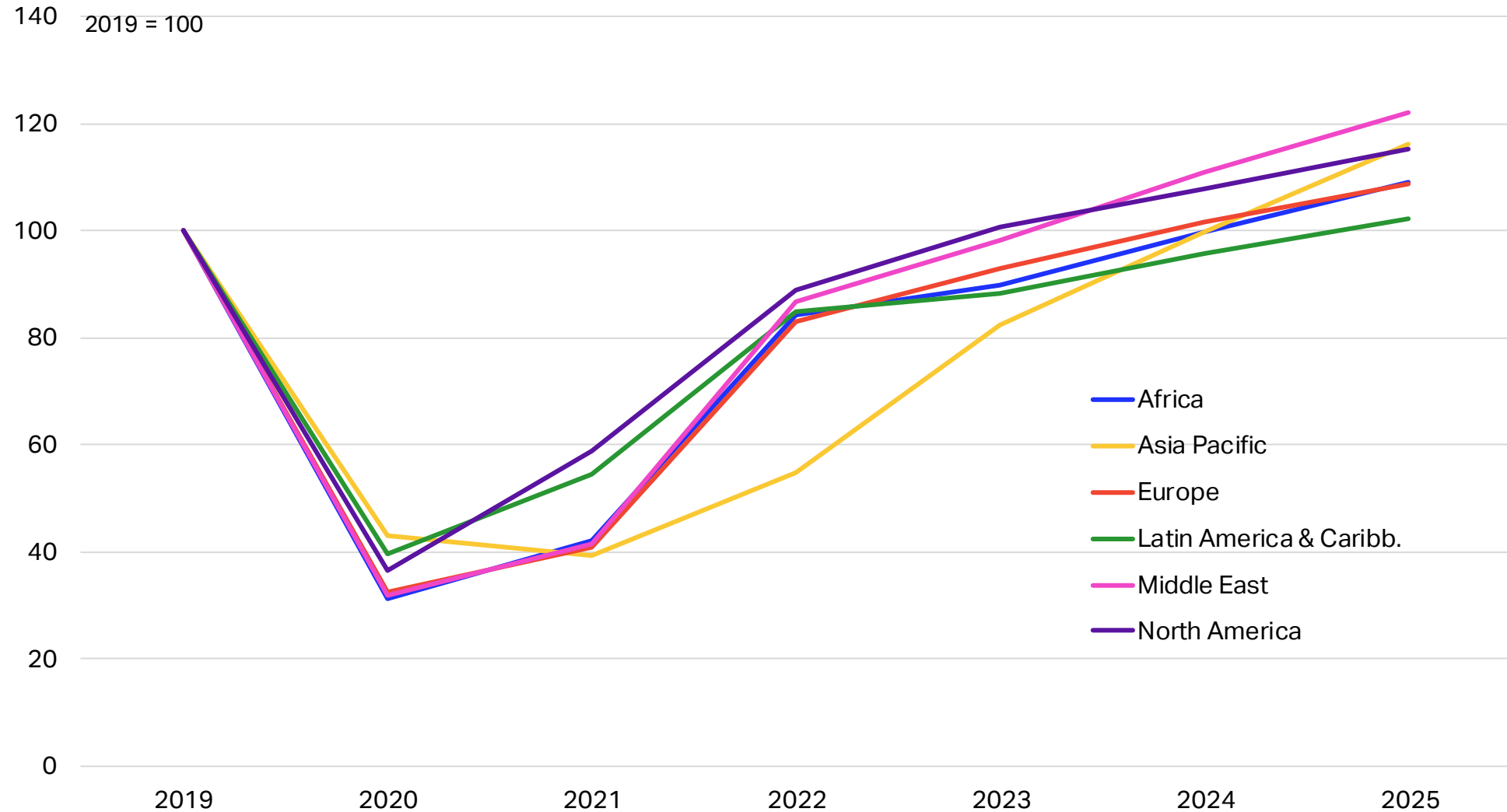
Risks are skewed to the downside

Industry recovers to 2019 in 2024



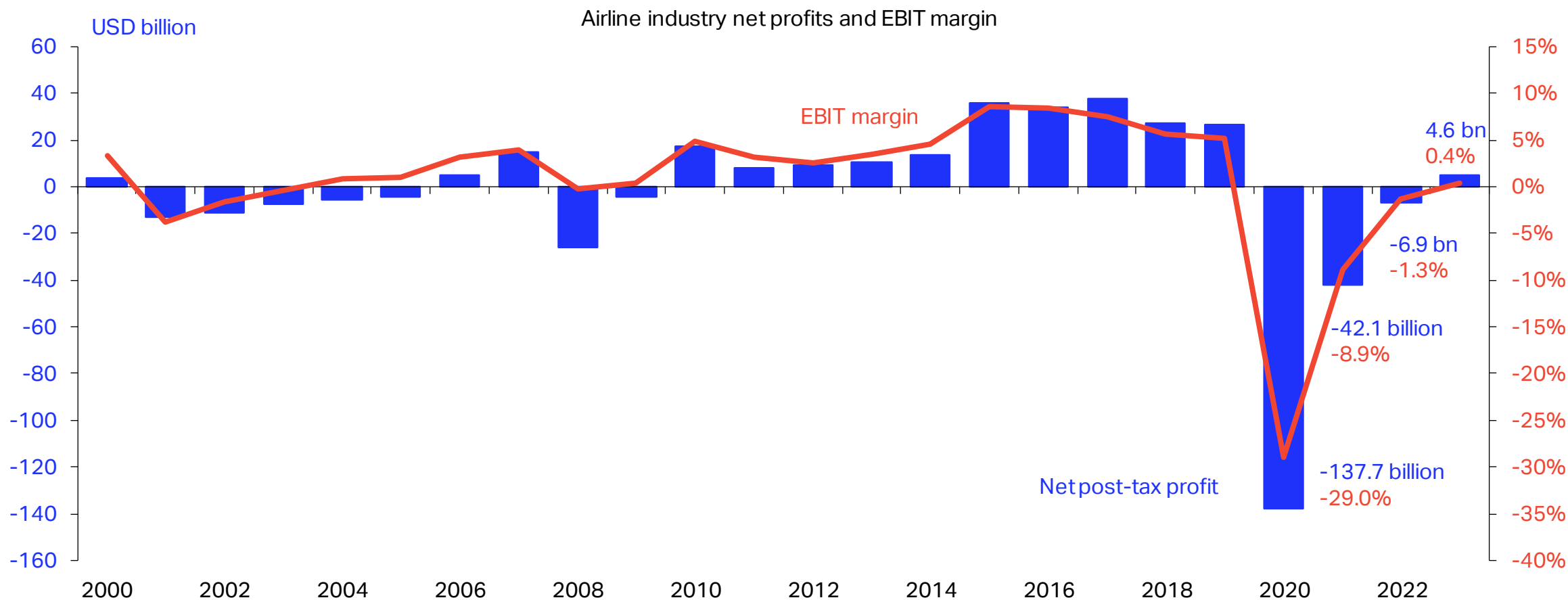
Asia Pacific lags in the regional recovery

North America leads



Financial performance improves strongly

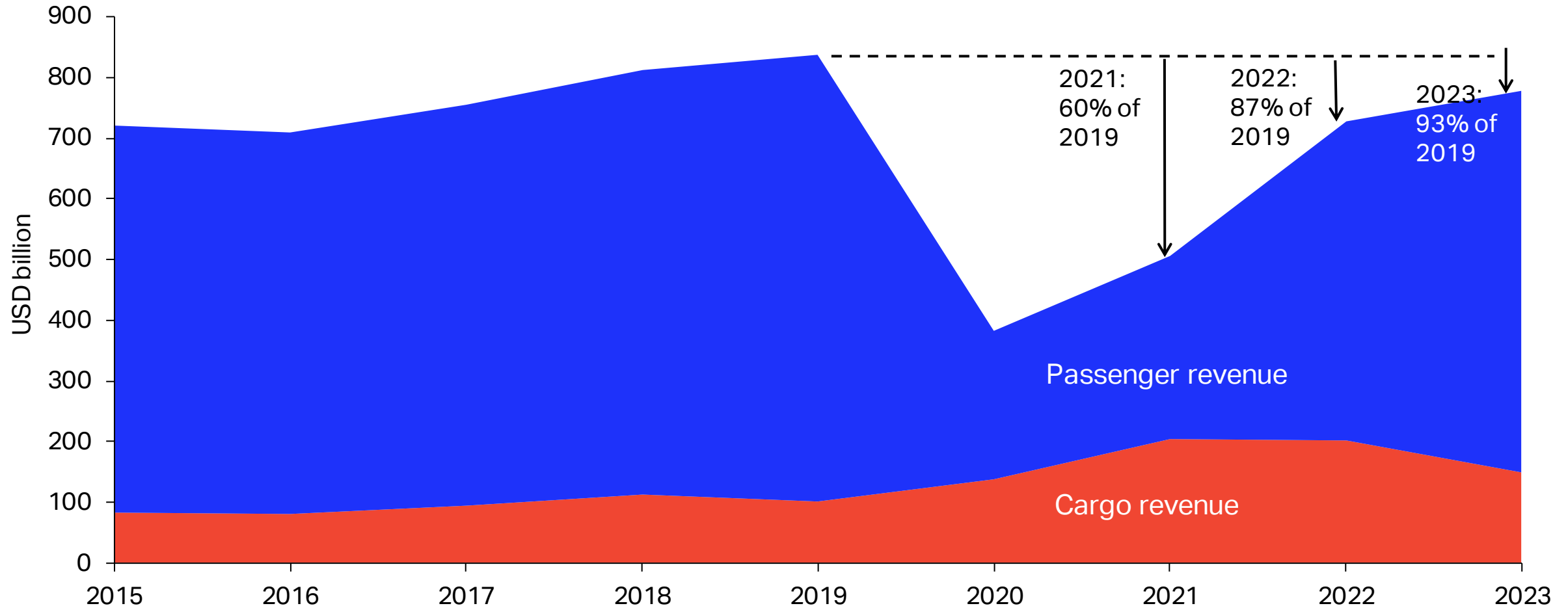
With the industry returning to profitability in 2023



Industry revenue is rising

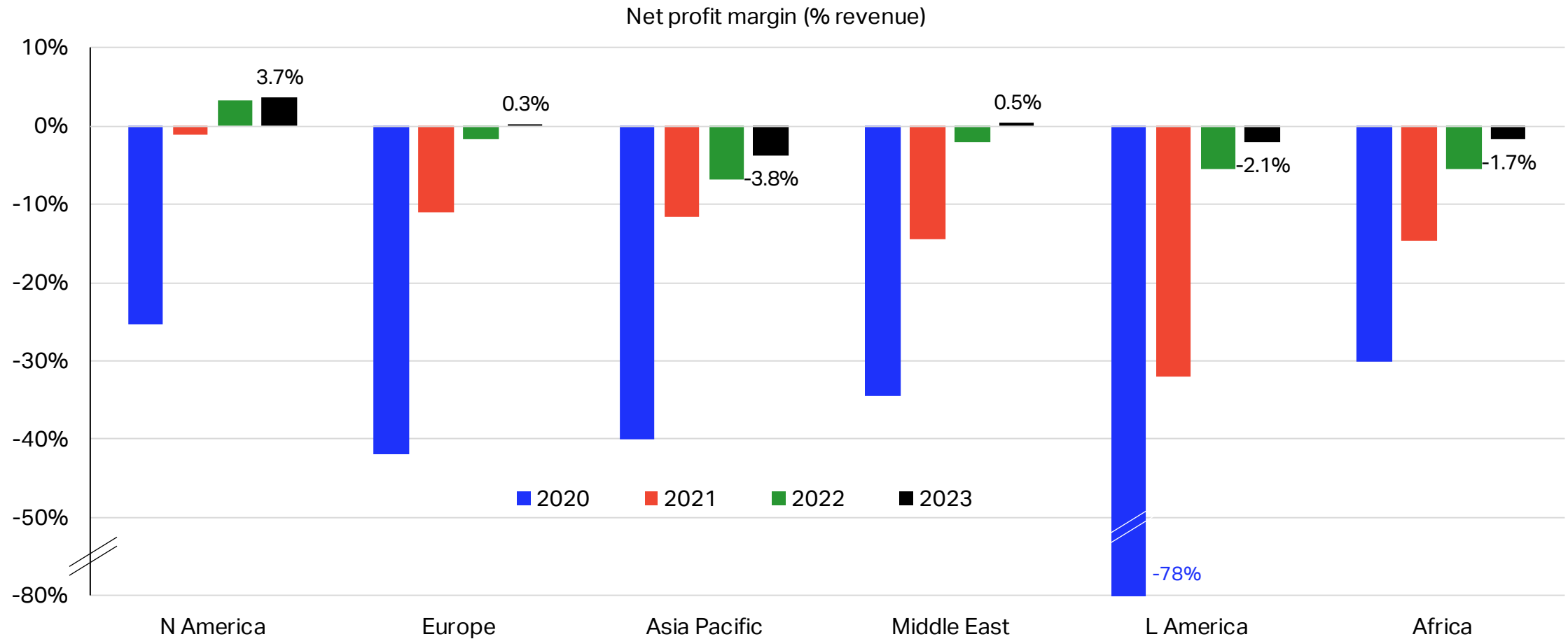
With cargo revenue moderating but higher than in 2019

Global airlines revenue, USD billion



North America likely only profitable region in 2022

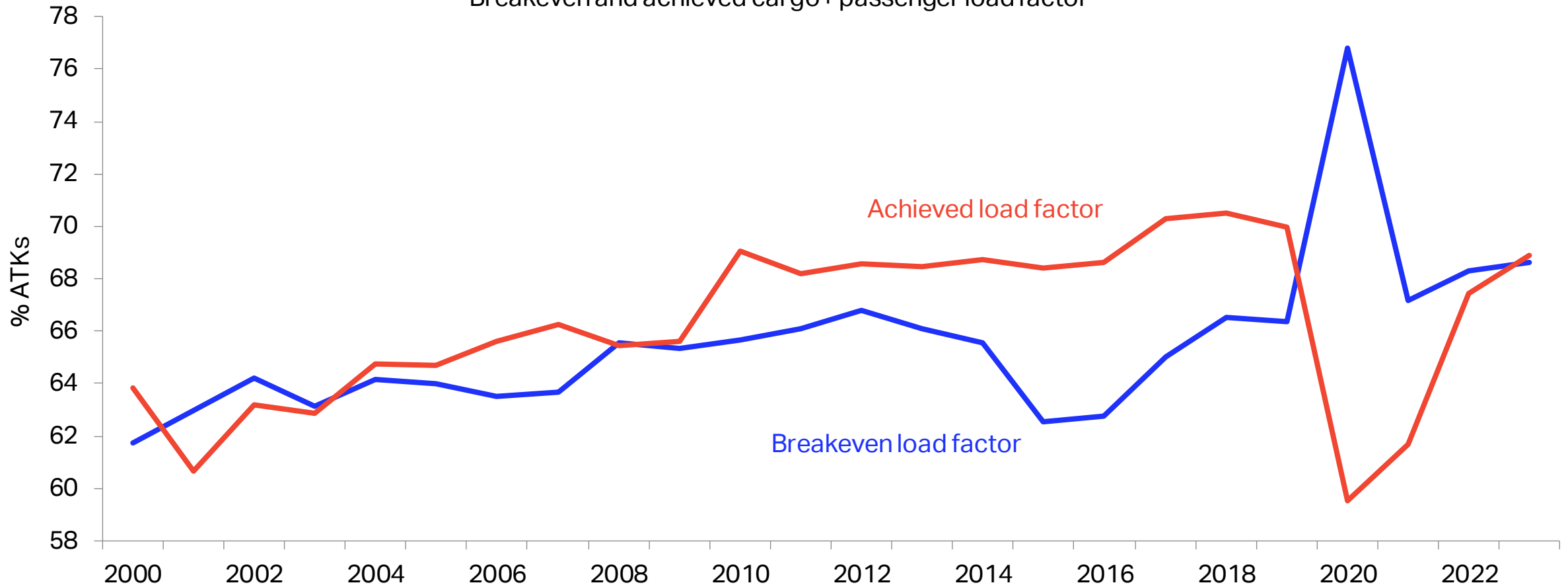
To be joined by Europe and the Middle East in 2023



Total load factor is trending up towards breakeven

Cargo load factor eases on added belly capacity

Breakeven and achieved cargo+passenger load factor



Connectivity is being restored

Though frequency (capacity) will take longer to recover

Unique city-pairs and real transport costs

