



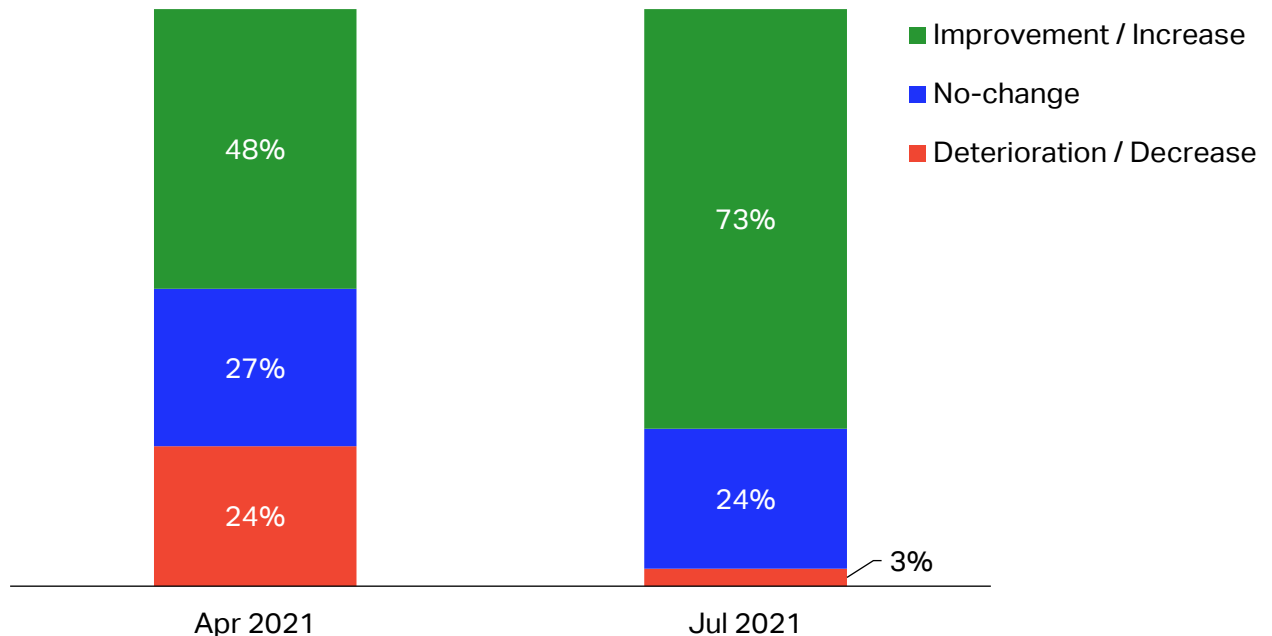
IATA Economics' Chart of the Week

06 August 2021

IATA Business Confidence Survey highlights improving financials

How do you expect your profitability to change over the next twelve months?

Share of respondents



Source: IATA Economics Business Confidence Survey

- IATA's [Business Confidence Survey](#) of early July 2021 gives some indications on the latest developments and outlook for the airline industry. The survey, completed by airline CFOs, allows to capture a range of issues and trends, as well as geographic differences.
- One of the key takeaways from the July survey is encouraging signs of improvement in airline financial performance. 73% of respondents now expect profitability for their own airline to improve further in the twelve months ahead, compared to less than half in our April survey. Very few surveyed airlines now expect further decline, but close to a quarter thinks that profitability will not change from its low base. Carriers that expected no improvement were all based in Europe and Asia Pacific. Moreover, 72% of respondents have seen profitability improve in the three months to July 2021 compared to the same period in 2020, but this is no surprise given how weak passenger demand was at the peak of the crisis last year.
- Those that expected improvements suggested reasons such as the easing of travel restrictions, cost reduction efforts, higher passenger confidence and vaccination progresses.
- Nevertheless, there remain reasons for caution. Many respondents indicated that they did not expect profits but rather reduced losses, with recovery being slow and gradual from a low base. Among the airlines that do not anticipate changes, some cited lack of government coordination, or vaccines not being recognized by partner markets as key issues. Some respondents thought yields would go down, and others pointed out the significant uncertainty, with risks that the recovery could be reversed.
- All in all, the July 2021 Business Confidence Survey points to [cautious optimism](#), with a slow and vulnerable recovery despite recent progress, and a wide range of possible outcomes across markets.

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