



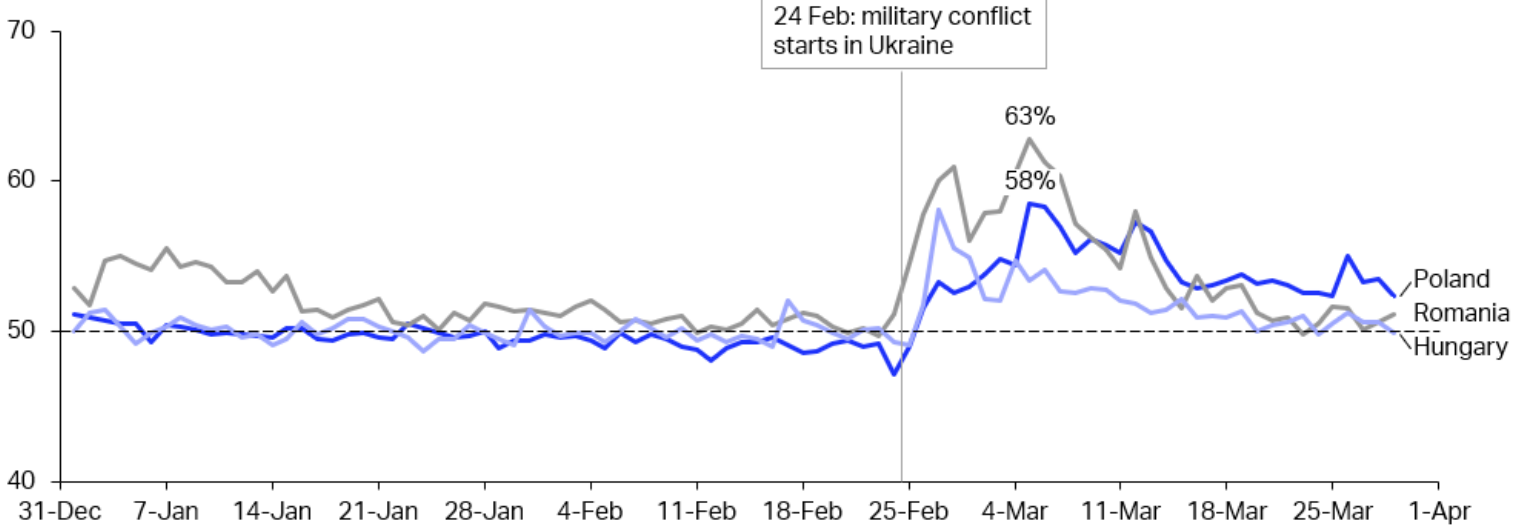
IATA Economics' Chart of the Week

8 April 2022

Imbalance of in-and outbound travel in Ukraine's neighbors

Outbound bookings as % of total airline bookings to/from Poland, Romania and Hungary

Outbound bookings as % of total



IATA Economics using DDS ticketing data

- The ongoing war in Ukraine impacts travel demand not only to and from the countries directly involved but also other countries in the European region. Bookings to the region as a total slightly dipped the first week of the conflict -the worst day being 16% worse than the week prior- but have been on a positive trajectory since. Part of this positive trend is likely accounted for by the easing of COVID-related travel restrictions.
- Eastern European countries are the most impacted. Although one would expect that the closer a country is to Ukraine, the more demand for travel to the country is impacted, Ukraine's neighbors seem to prove otherwise. For example, both Poland and Romania saw an uptake in bookings of 10% and 20% respectively in the first month of the conflict compared to the previous month. This is likely because Ukrainian refugees, after crossing the border to neighboring countries, often continue their journey onwards by air.
- However, many of these travelers buy one-way, outbound tickets only, which has resulted in an unusual imbalance between outbound and inbound demand from and to these countries. As our chart shows, the ratio of outbound and inbound tickets purchased peaked around 60%-to-40% in each of Poland, Hungary and Romania. At that point, there were about 50% more travelers wanting to leave these countries than wanting to travel to the country. This has important implications for seat load factors and, ultimately, network and schedule planning. Typically, low cost carriers have more flexibility to accommodate such patterns in demand. For example, adding triangular rotations to a schedule (e.g. Budapest-London-Paris-Budapest) allows to add more capacity in one direction (Budapest-London) without having to fly at lower loads in the opposite direction (London-Budapest).
- In the first three weeks of the conflict, airlines increased capacity out of these three countries by increasing frequencies and rotating larger aircraft onto these routes. The average weekly seat capacity from the three countries combined increased by about 15 thousand seats to each of Italy, Germany and the UK.
- The gap between inbound and outbound demand seemed to be closing towards the end of March but will continue to evolve in the coming period as a function of developments on the war front.

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