

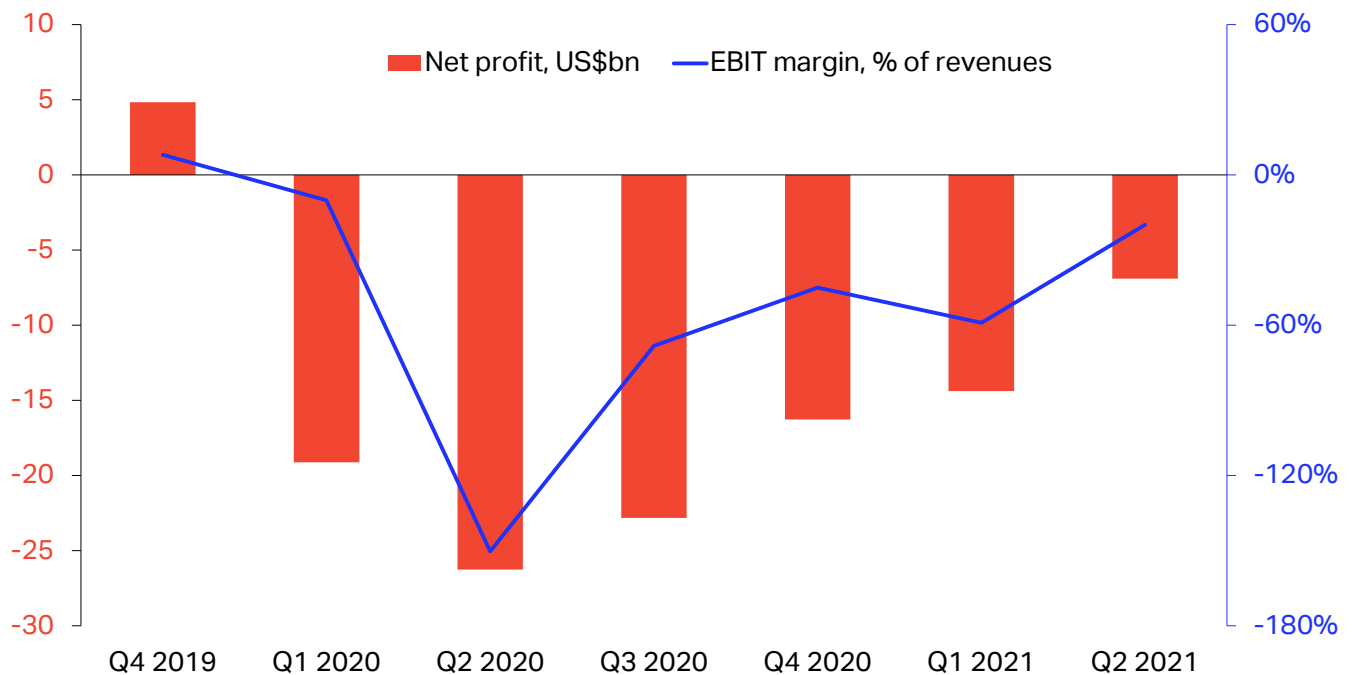


# IATA Economics' Chart of the Week

27 August 2021

## Industry-wide net losses diminished in Q2

Sample Historical Profitability



Source: IATA Economics using data from the Airline Analyst

- This week, we published [Financial Monitor](#) report where we showed that the airlines' financial situation improved in Q2 vs. Q1 2021. Based on the initial small sample of 41 airlines, net losses at the aggregated level more than halved. Despite being in the negative territory, EBIT margins also recovered compared with Q1 of the year when the industry was facing new COVID-19 waves.
- The net losses diminished across all regions, although the extent of improvement varied. North American and Latin American airlines were the best performers, benefitting from the robust recovery in US and Brazil domestic markets, where vaccine rollout has progressed well. On the other hand, improvement in financials of carriers based in Europe and Asia Pacific was relatively smaller due to their high reliance on muted international traffic and for the latter also on a deterioration in China domestic travel in June.
- Despite the improvement in financial performance in Q2 2021, the downside risks to further airline financial recovery have been rising. The start of Q3 2021 was relatively positive with the continued recovery of domestic markets and rebound of intra-European market. However, the fast spread of Delta variant now increased the risks. As shown in [last week's chart](#), new travel restrictions started to negatively affect domestic bookings in some of the key markets that were previously on the recovery track, notably China. Hence the continuation of recovery, which is essential for improvement in airline profitability, is at risk.

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