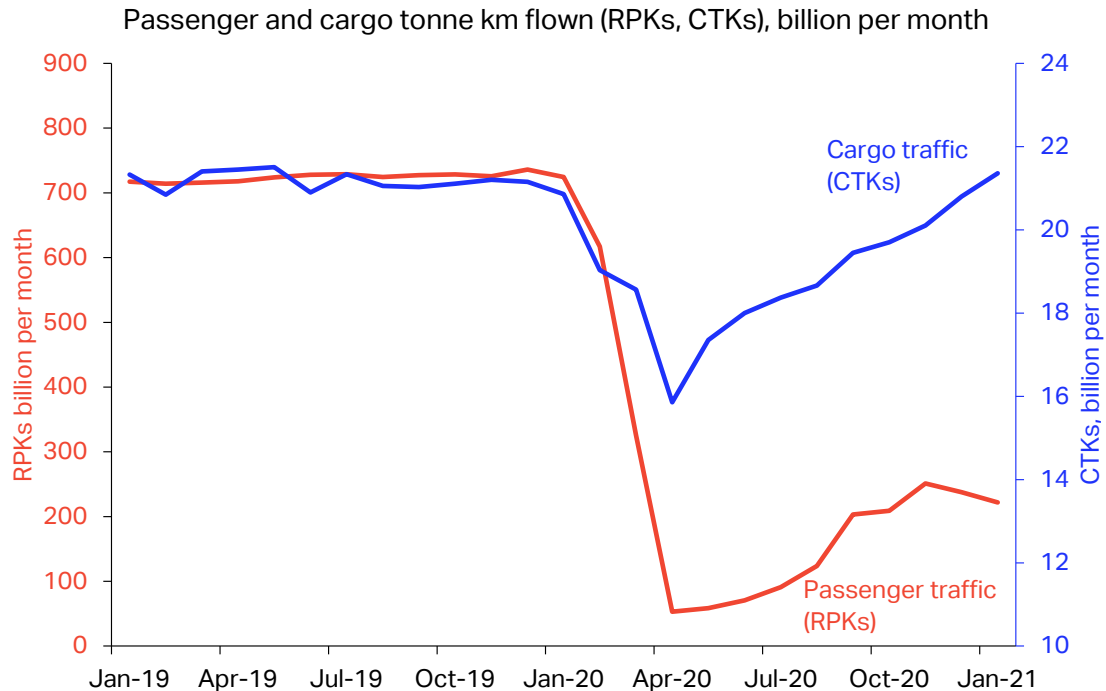




IATA Economics' Chart of the Week

5 March 2021

January setback for air travel but cargo regains pre-crisis level



Source: IATA Economics using data from IATA Statistics

- Air travel (measured by RPKs) fell in January, from levels in December, and was 72% lower than in the pre-crisis month of January 2019. This setback for the airlines' passenger business was driven by a tightening by governments of travel restrictions across the world, following the emergence of COVID-19 variants. Most important were restrictions imposed on domestic travel in China. A sharp decline in travel on China's domestic market accounted for most of the [decline in global travel in January](#).
- The continued weakness of air travel is in marked contrast to the optimism shown outside the aviation sector in stock market prices and in business confidence surveys. This [adds to the evidence](#) that there is substantial pent-up demand to fly. The constraint is government travel restrictions. Unfortunately, the air travel market looks to have deteriorated further in February, as [Chinese New Year travel](#) was weaker than usual, and travel restrictions tightened further in several countries. Some rebound looks likely in March but Q1, and probably Q2, will be weaker than expected for the air passenger business.
- The air cargo business, in marked contrast to the desperate state of the air passenger business, is flourishing. Volumes (measured by cargo tonne km flown) regained pre-crisis levels in January, with [CTKs 1.1% higher than January 2019](#). Revenues are stronger, as yields remain elevated due to the lack of capacity from the wide body passenger aircraft fleet. Strong cargo revenues are making a difference for some airlines and some long-haul routes (where high yielding cargo can make up for the loss of high yielding business passengers). But before the crisis cargo revenues were only 12% of total revenues, so this is not a large enough business to offset the massive and continuing loss of passenger revenues.

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