

COVID-19

Economic outlook: Embracing Opportunities & Challenges

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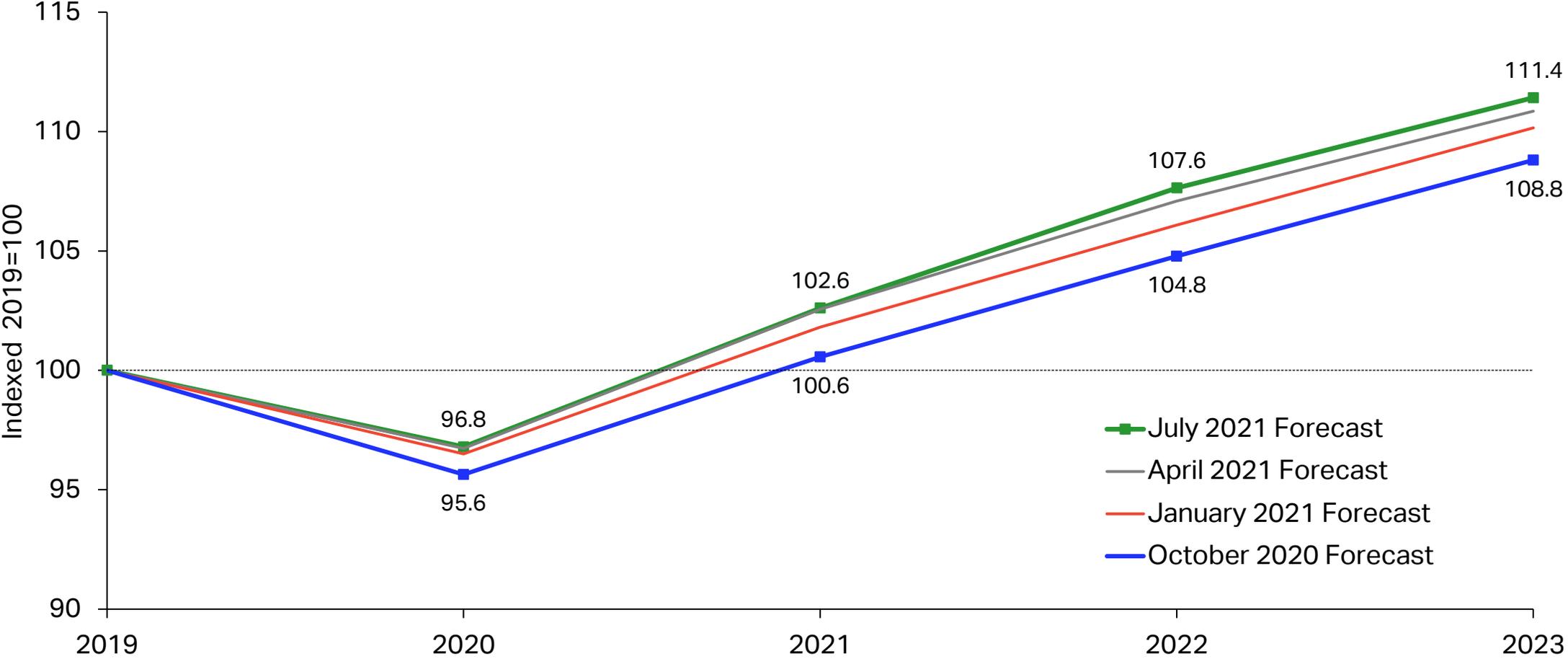
12th October 2021



Global economic recovery on track despite uncertainties

Global GDP is expected to surpass pre-pandemic level in 2021

Global Real GDP, 2019-2023 (index, 2019=100)



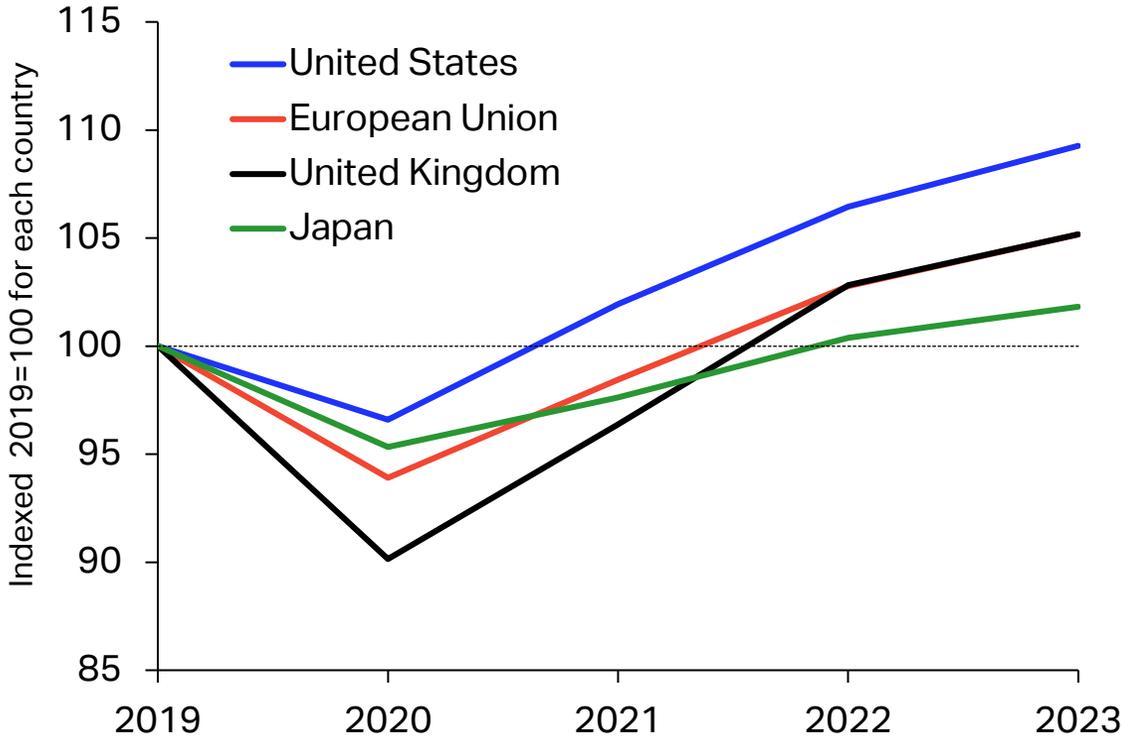
Source: IATA Economics using IMF WEO

Economic growth expectations are positive but uneven

U.S. and China are ahead of others, EMs rebound at different rates

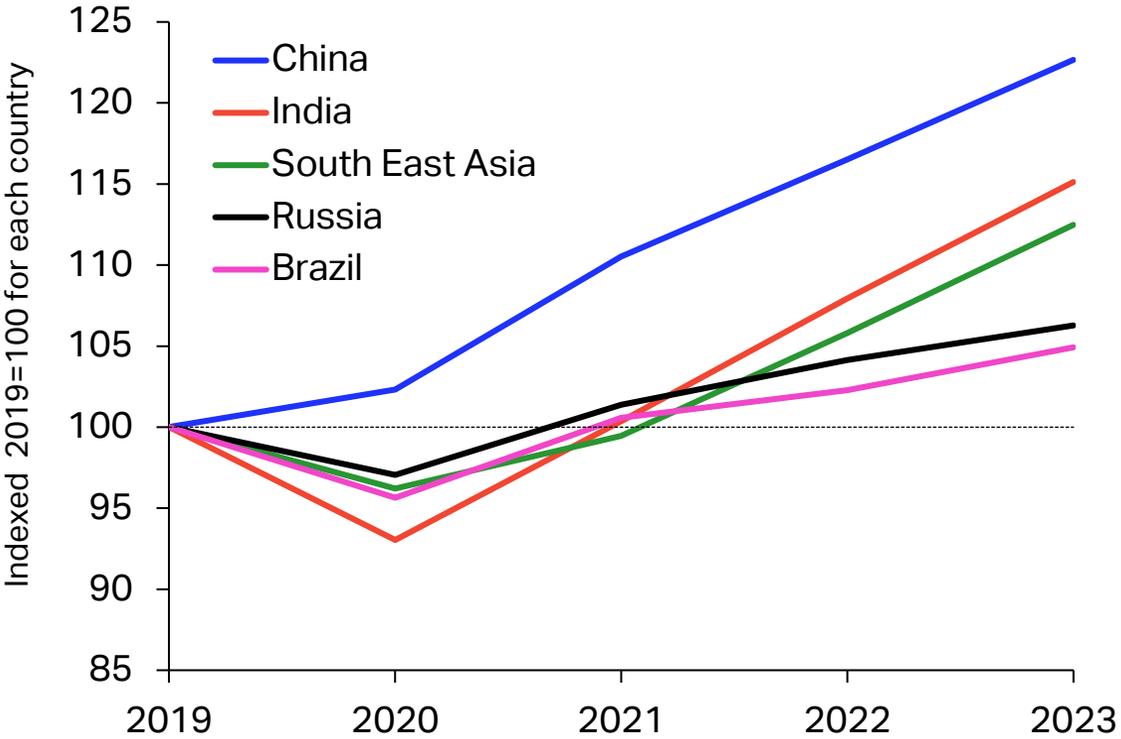
Advanced Economies Real GDP

2019-2023 (index, 2019=100)



Emerging Market Economies Real GDP

2019-2023 (index, 2019=100)



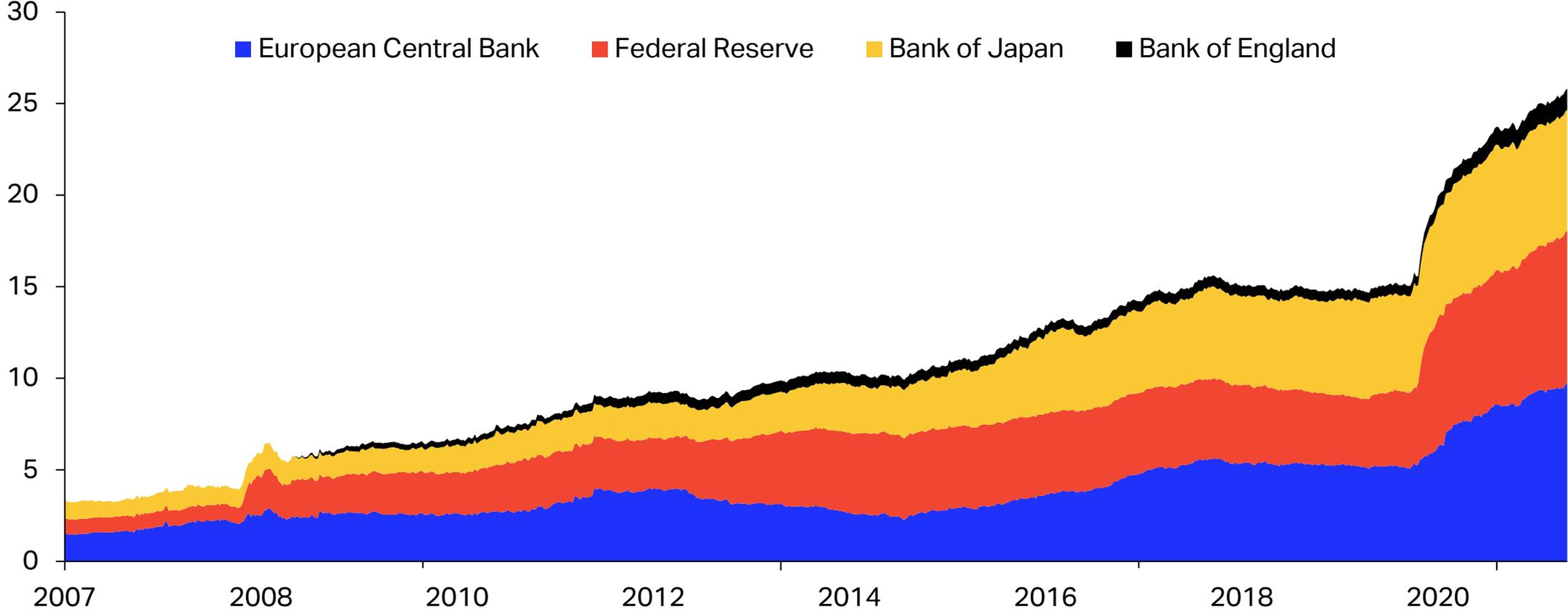
Source: IATA Economics using Oxford Economics

Central Banks retain accommodative monetary policy

CB balance sheets have increased by \$10 trillion since pandemic began

USD, trillions

Central Bank Balance Sheets, Total Assets

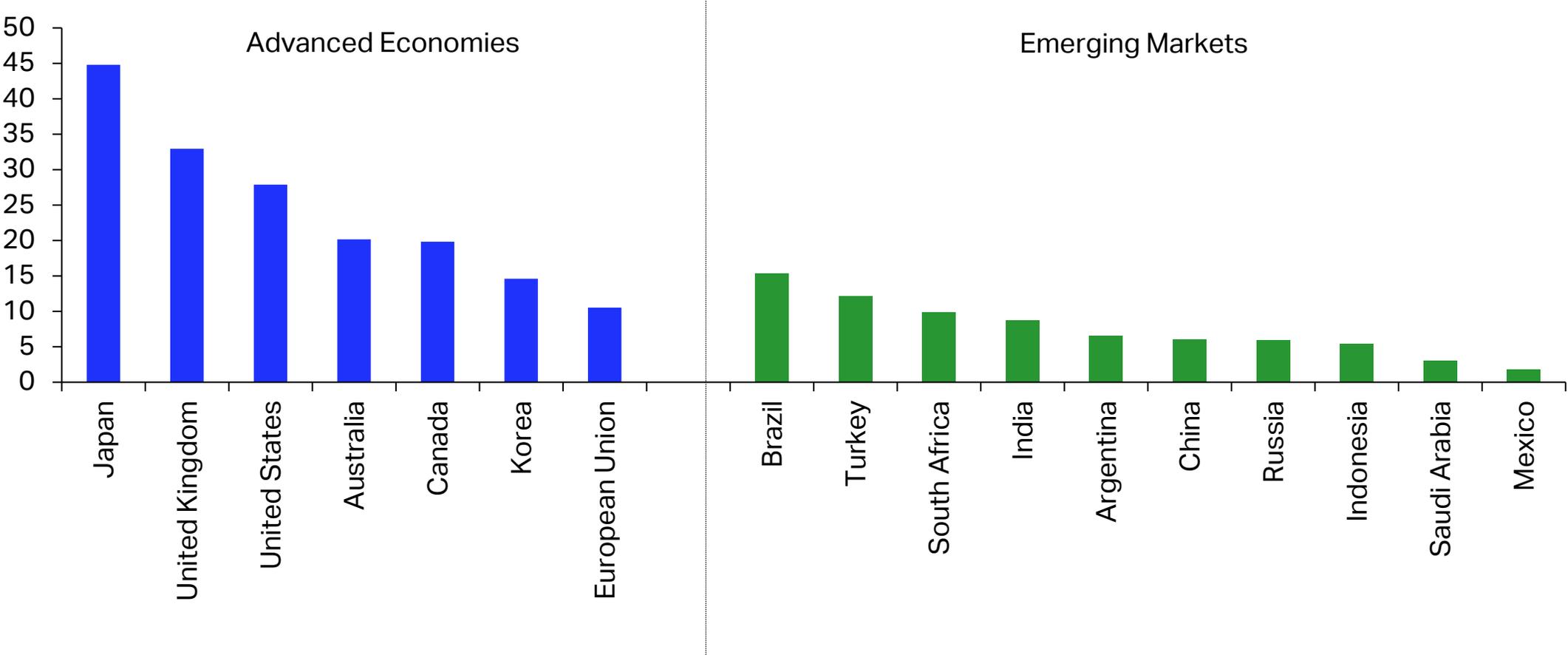


Source: : IATA Economics using Refinitiv Eikon

Government policies have reacted quickly and forcefully

Fiscal supports vary between advanced and emerging market economies

Global Fiscal Policy Measures (Share of Own GDP %)*



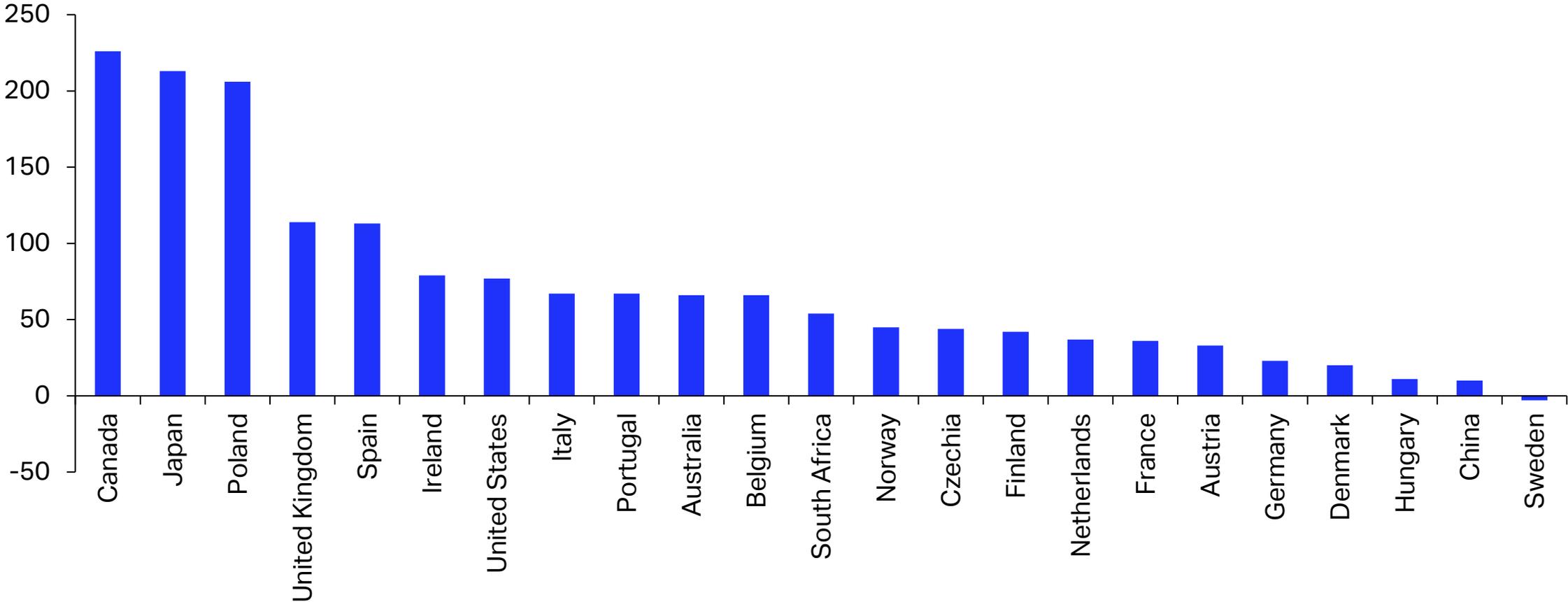
*Fiscal policy measures include additional spending, forgone revenue, equity, loans and guarantees



Consumers accumulated income during the pandemic

The release of excess savings expected to fuel spending in 2022

Cumulative Excess Savings (% of expected savings)



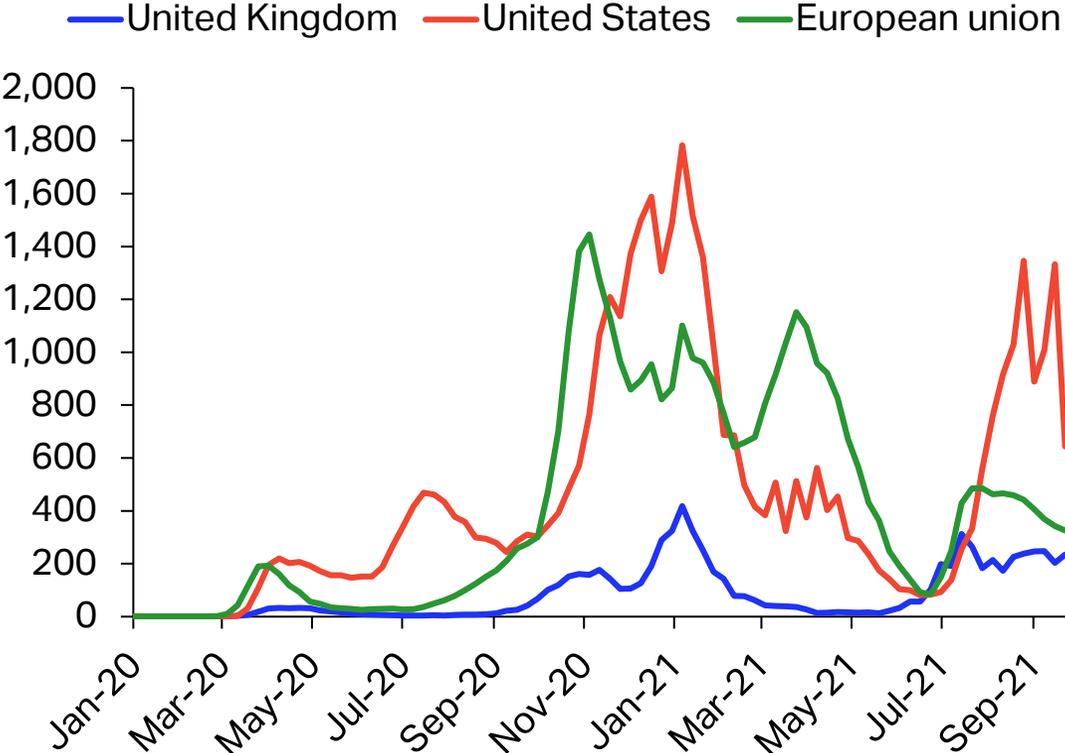
**Cumulative excess savings are household savings from 2020:Q1–21:Q1 or the latest quarter available, exceeding expected savings based on a calculated linear trend from 2017:Q1–19:Q4 for each country*



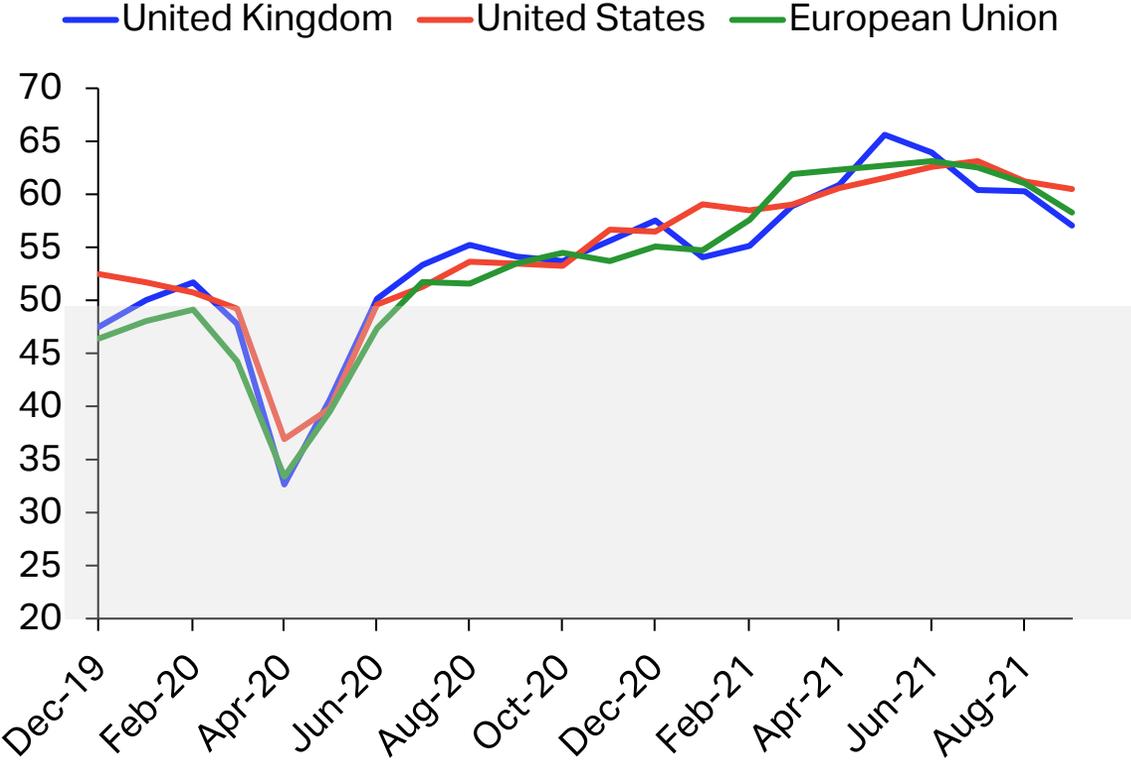
Delta variant created uncertainties around normalization

Higher vaccination rates reduce the need for lockdowns

New COVID-19 (Cases per week, 000's)



Manufacturing PMI Output

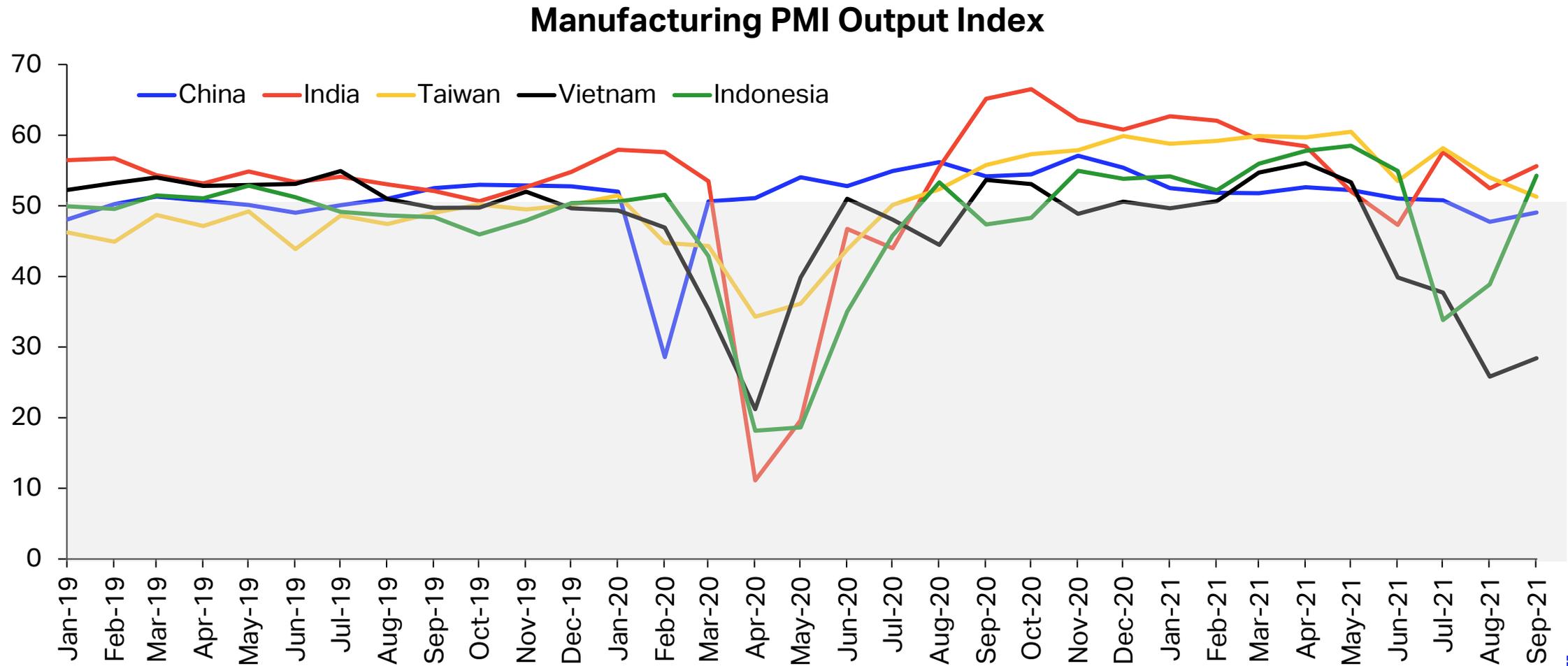


Source: ECDC, IHS Markit



Delta variant affects low vaccinated Asian countries

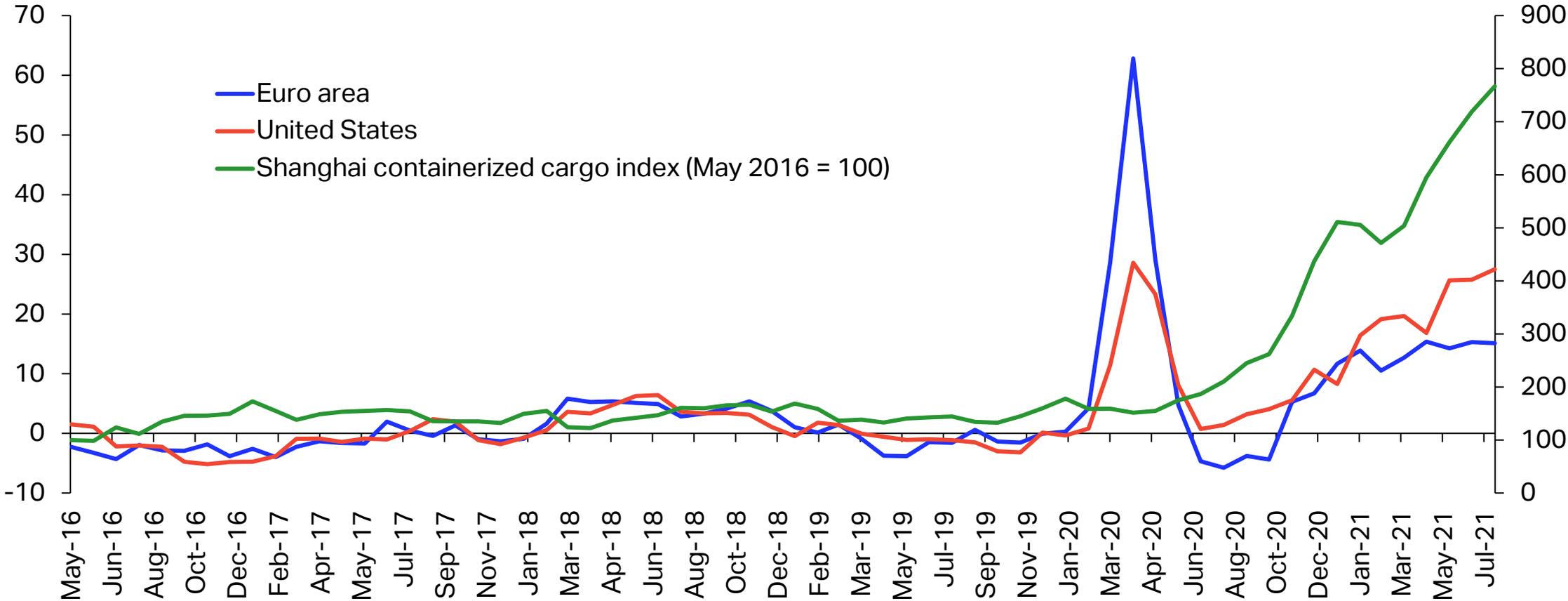
Production has declined across Asia due to new lockdown measures



Supply chain disruptions have been rising

Strong consumer demand in U.S. & Euro Area fulfilled by Asian producers

Supply Chain Disruptions (Index*)

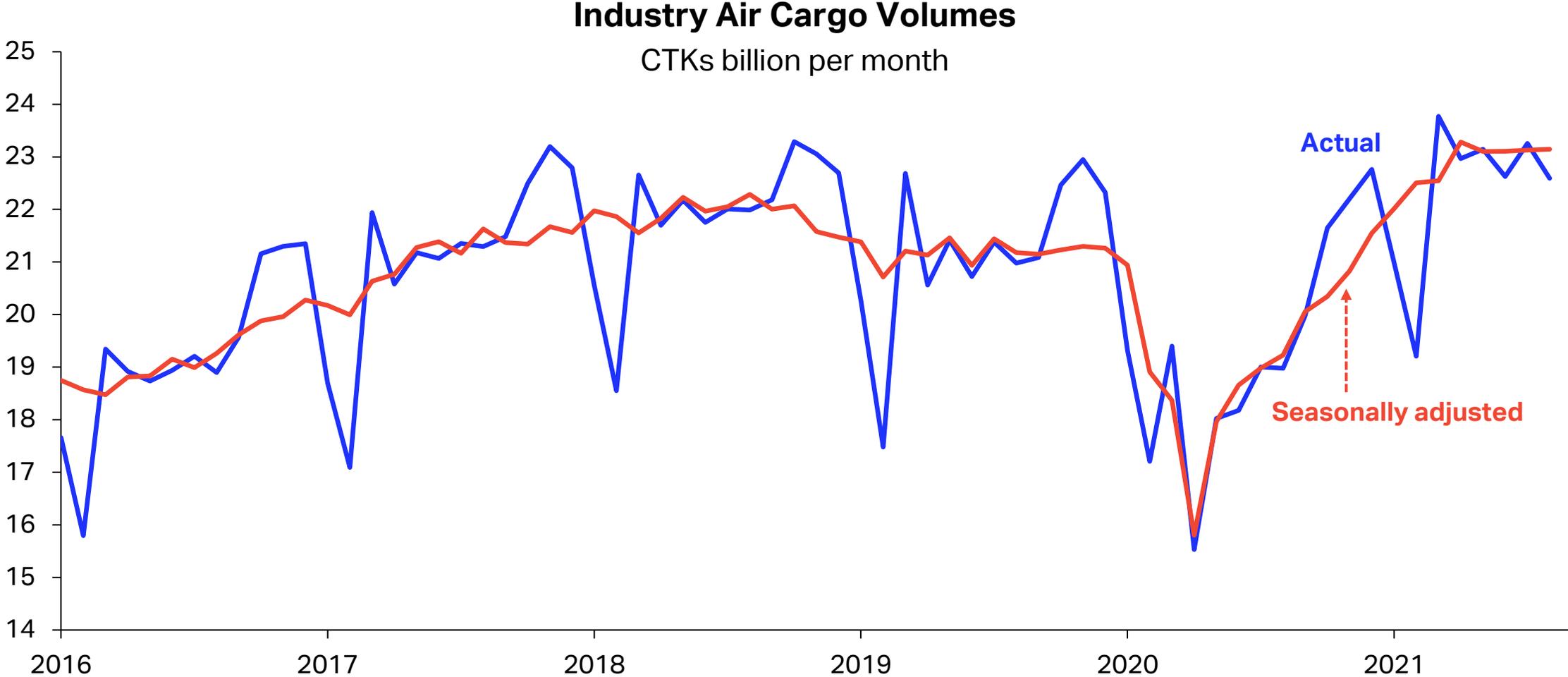


*Supply chain disruptions are calculated as the difference between the supply delivery times subindex in the purchasing managers' index (PMI) and a counterfactual, cyclical measure of supply delivery times based on the manufacturing output subindex in the PMI.



Despite headwinds, air cargo continues to be strong

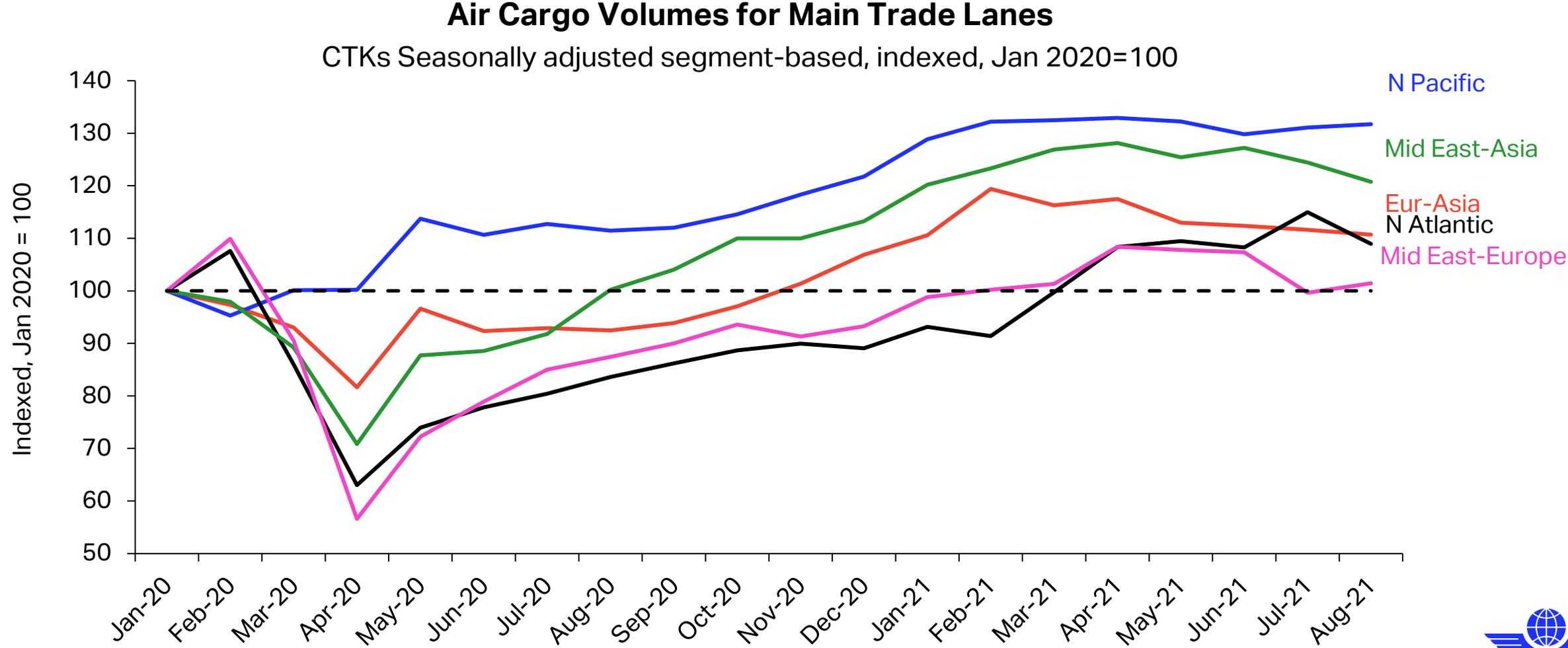
Cargo tonne km (CTKs) rose 8.0% above pre-crisis levels in August 2021



Source: IATA Economics using IATA Monthly Statistics

Cargo strong across the board with high demand

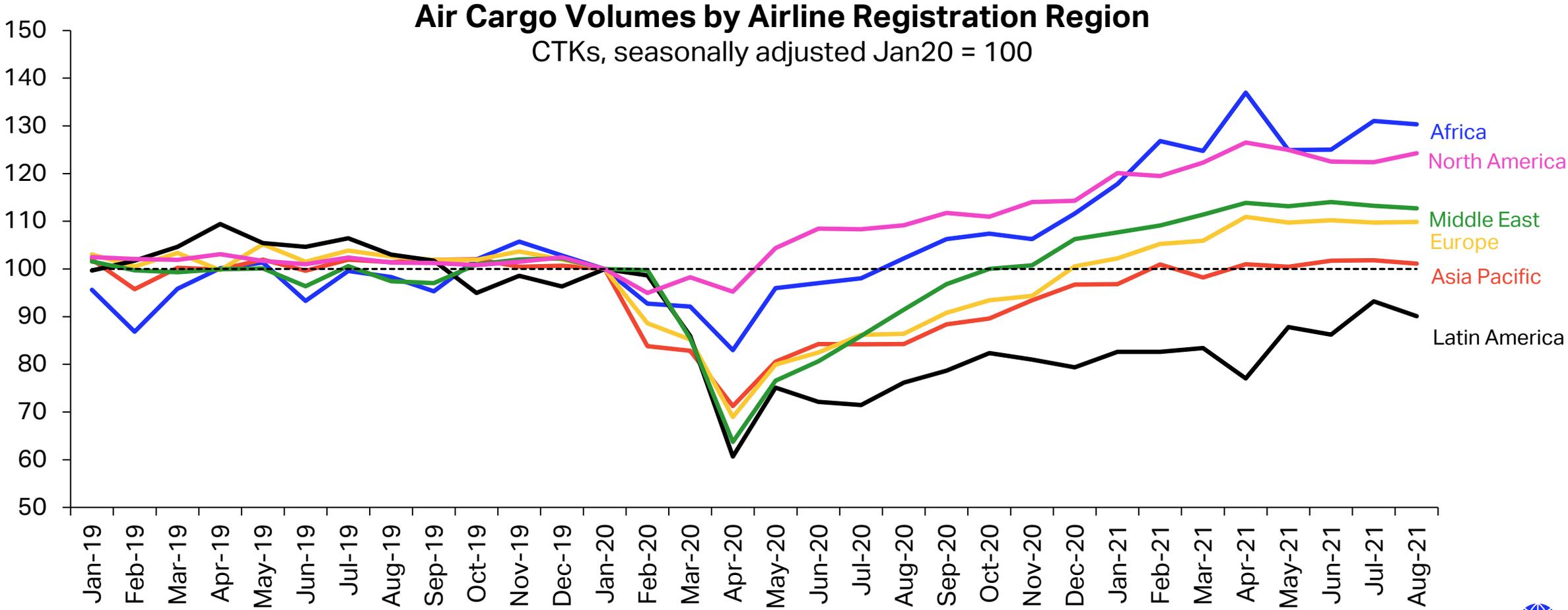
But capacity and supply chain issues are key challenges



Source: IATA Economics using IATA Monthly Statistics

Airline performance depending on trade lane exposure

Strong growth for Nth Am airlines, Latin Am airlines lost market share

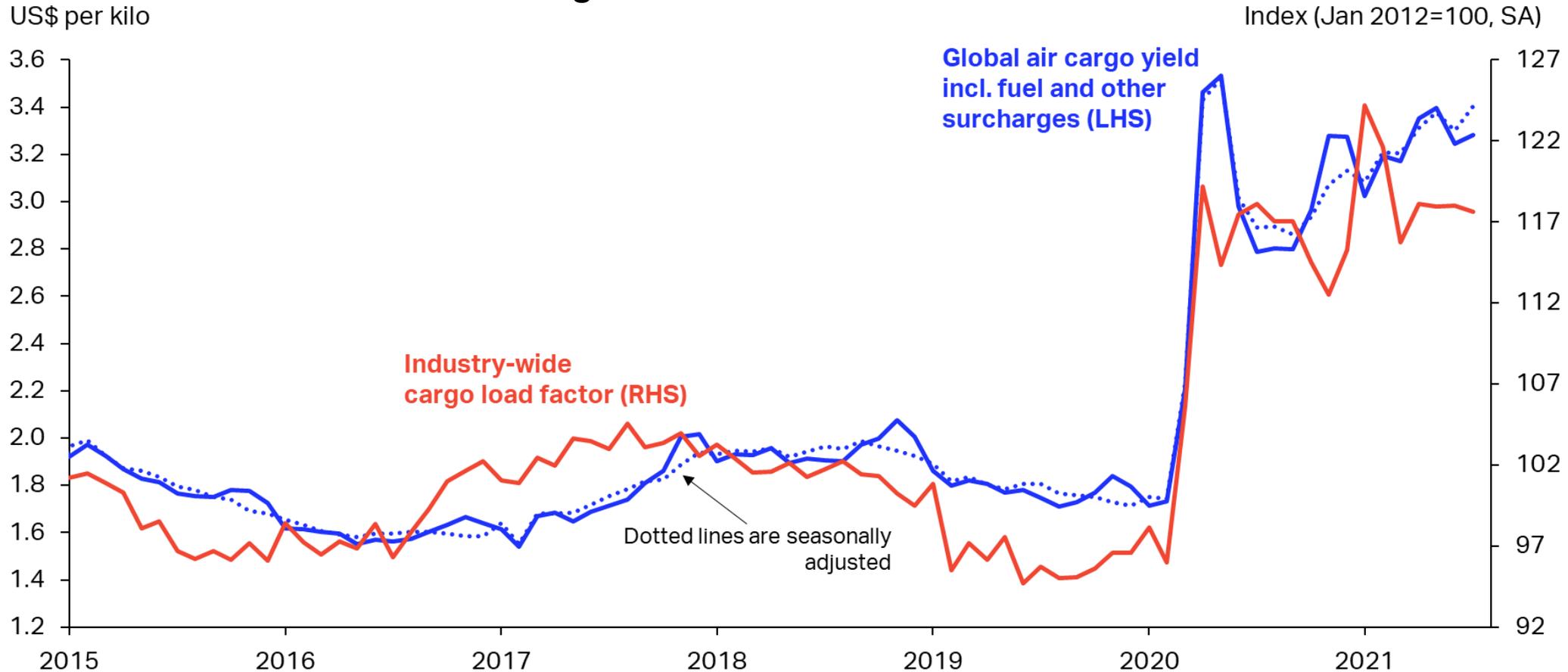


Source: IATA Economics using IATA Monthly Statistics

Yields elevated, load factors close to historical highs

Tighter conditions during Q4 peak season before relief in 2022

Air Cargo Yields and Load Factors

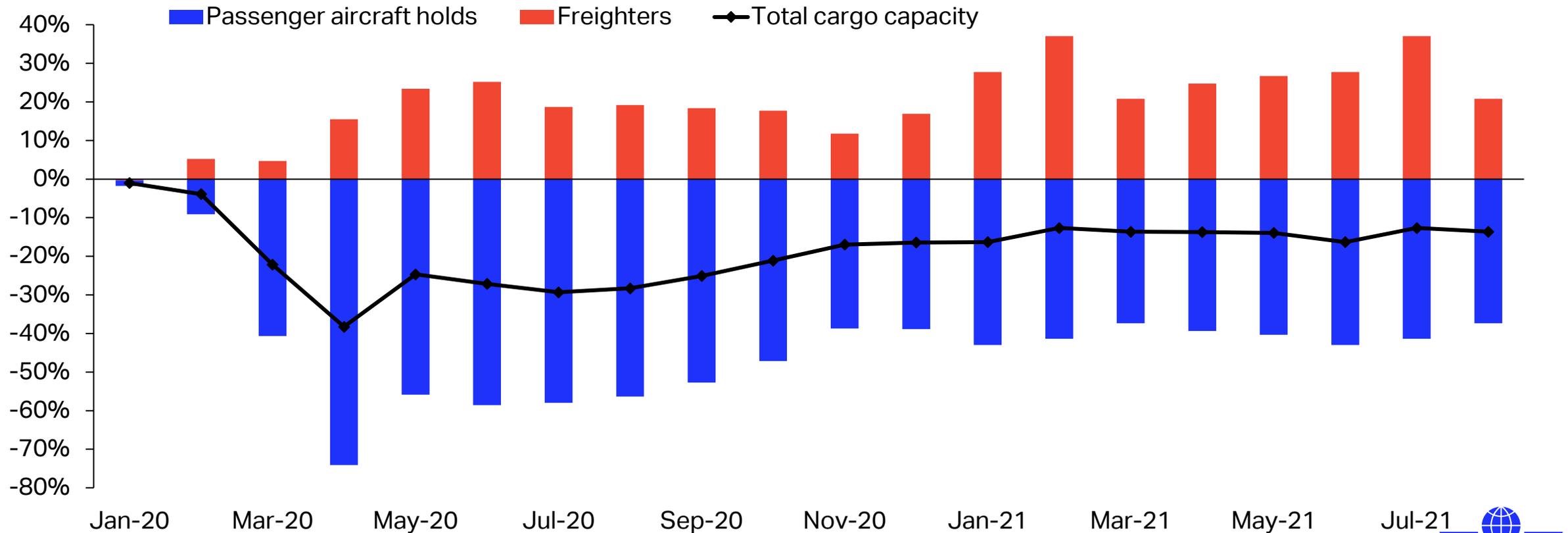


Strong demand for air cargo with capacity challenges

Dedicated freighters do not compensate for shortage in pax traffic

Air Cargo Capacity

% change versus same month in 2019

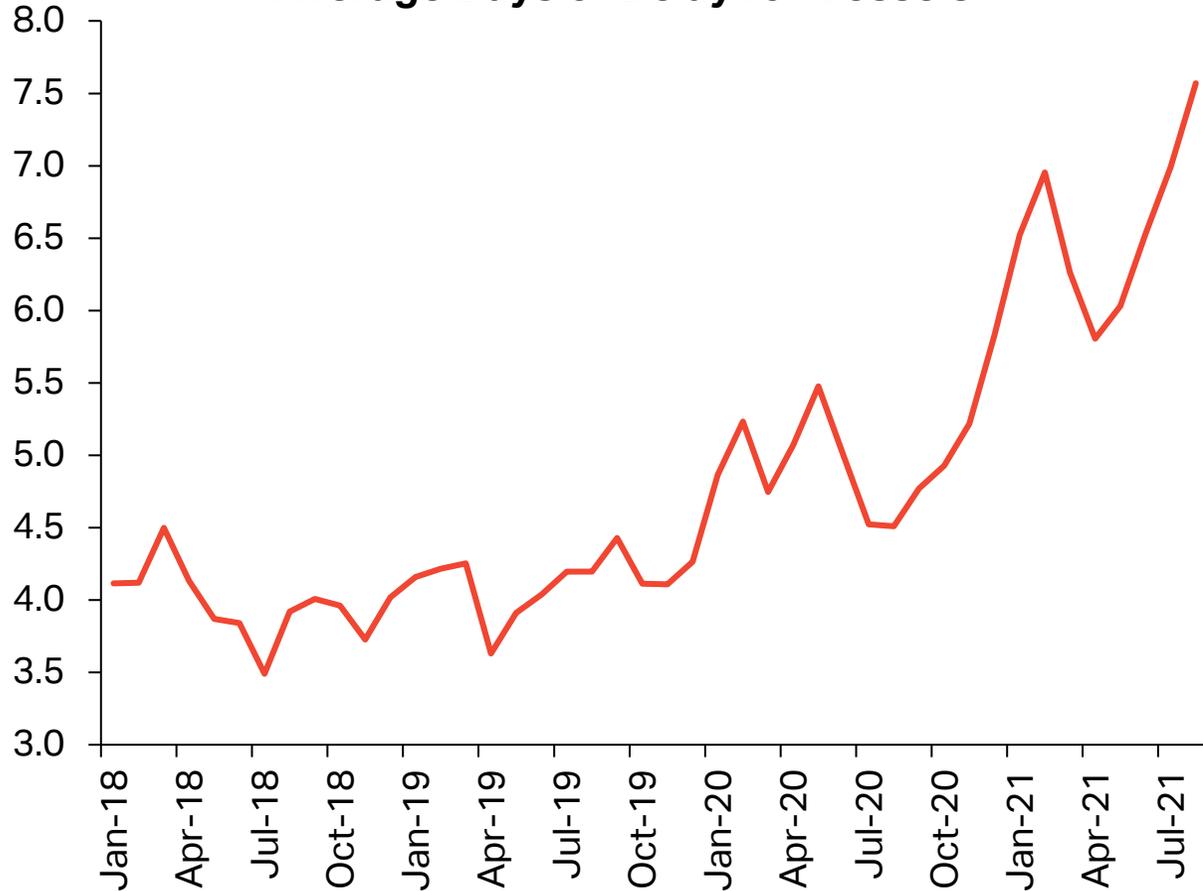


Source: IATA Economics using IATA monthly statistics

Significant disruptions and delays in ocean shipping

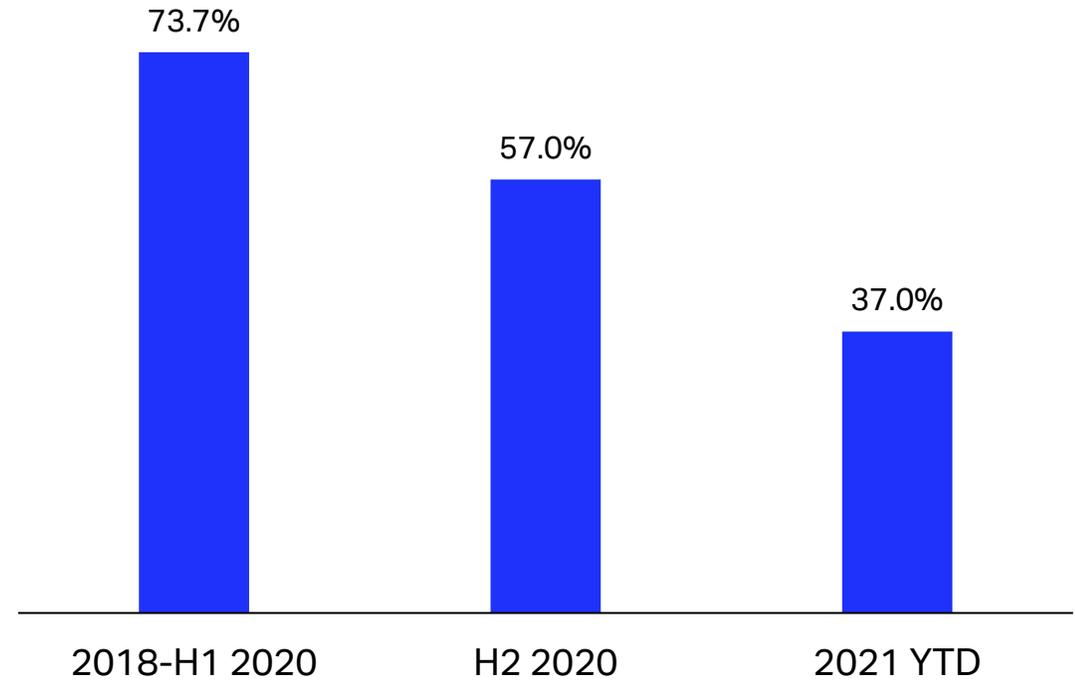
Make it harder to meet strong peak season demand for ocean liners

Average Days of Delay for Vessels



Schedule Reliability

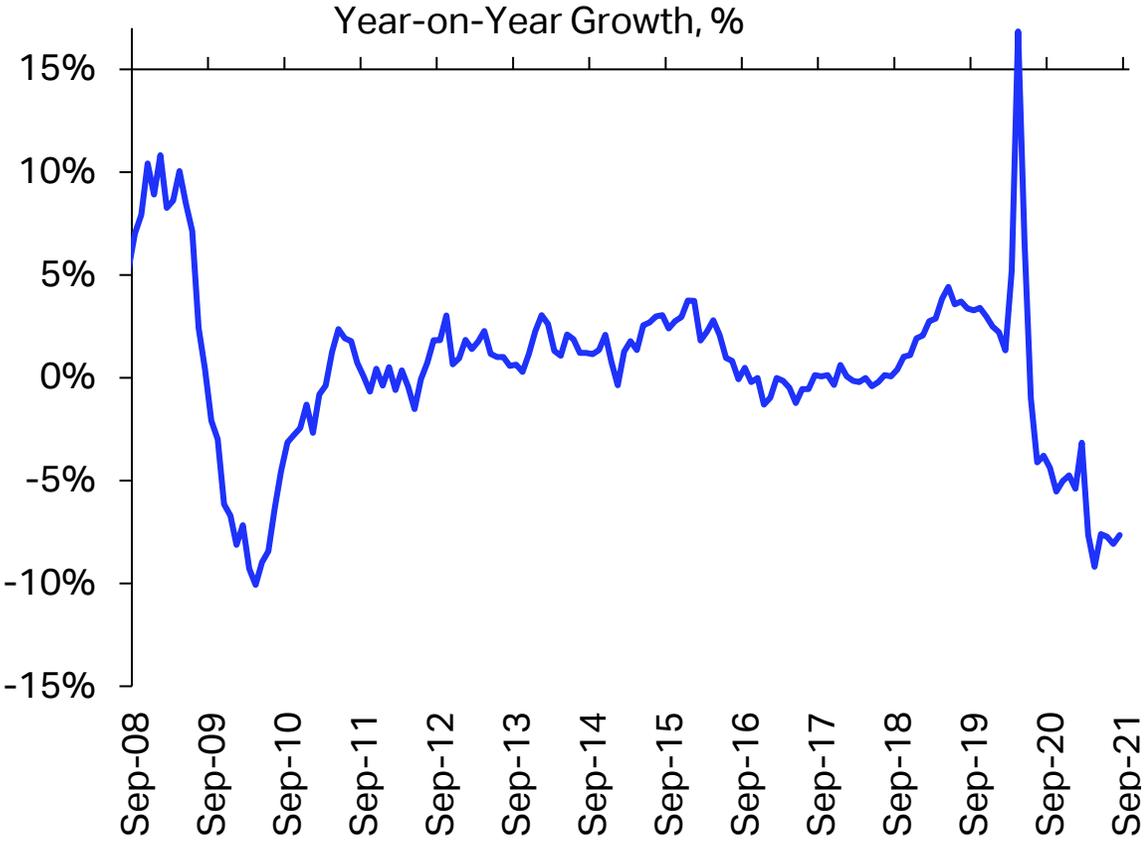
Share of trips meeting schedule



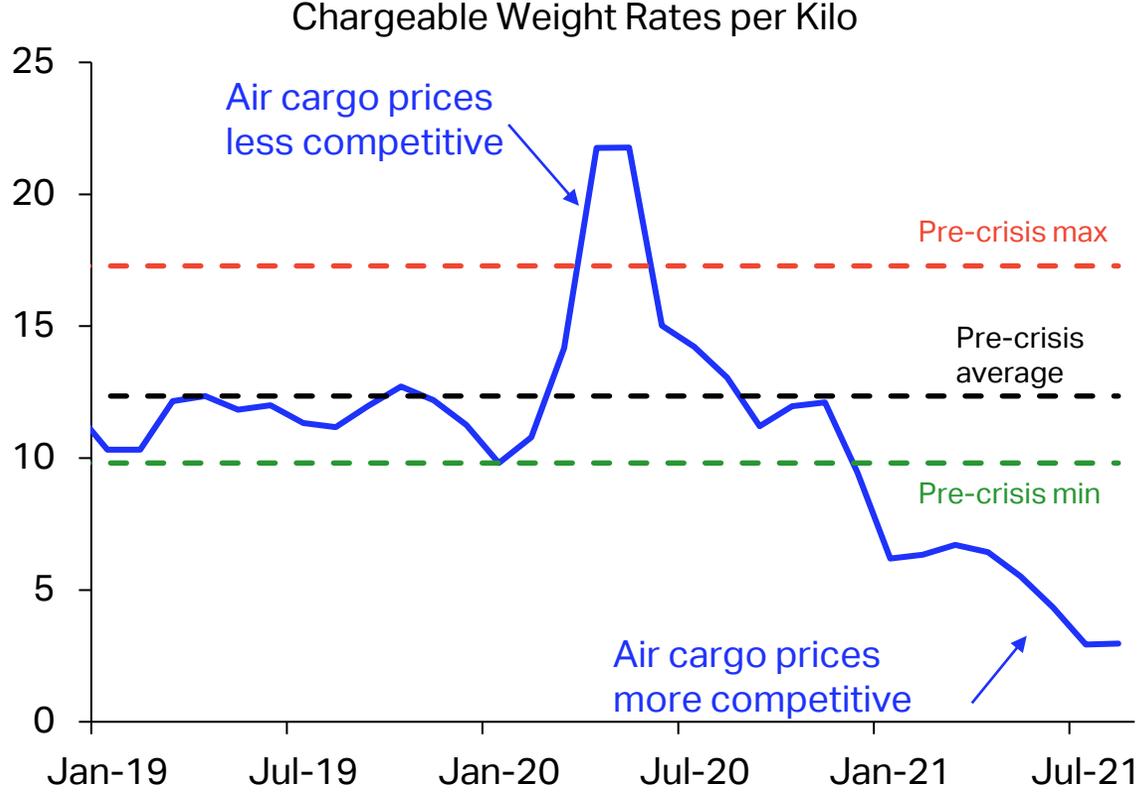
Inventory rebuilding is an opportunity for air cargo

Despite the lack of capacity, air cargo is less congested than ocean shipping

US Inventory-to-Sales Ratio



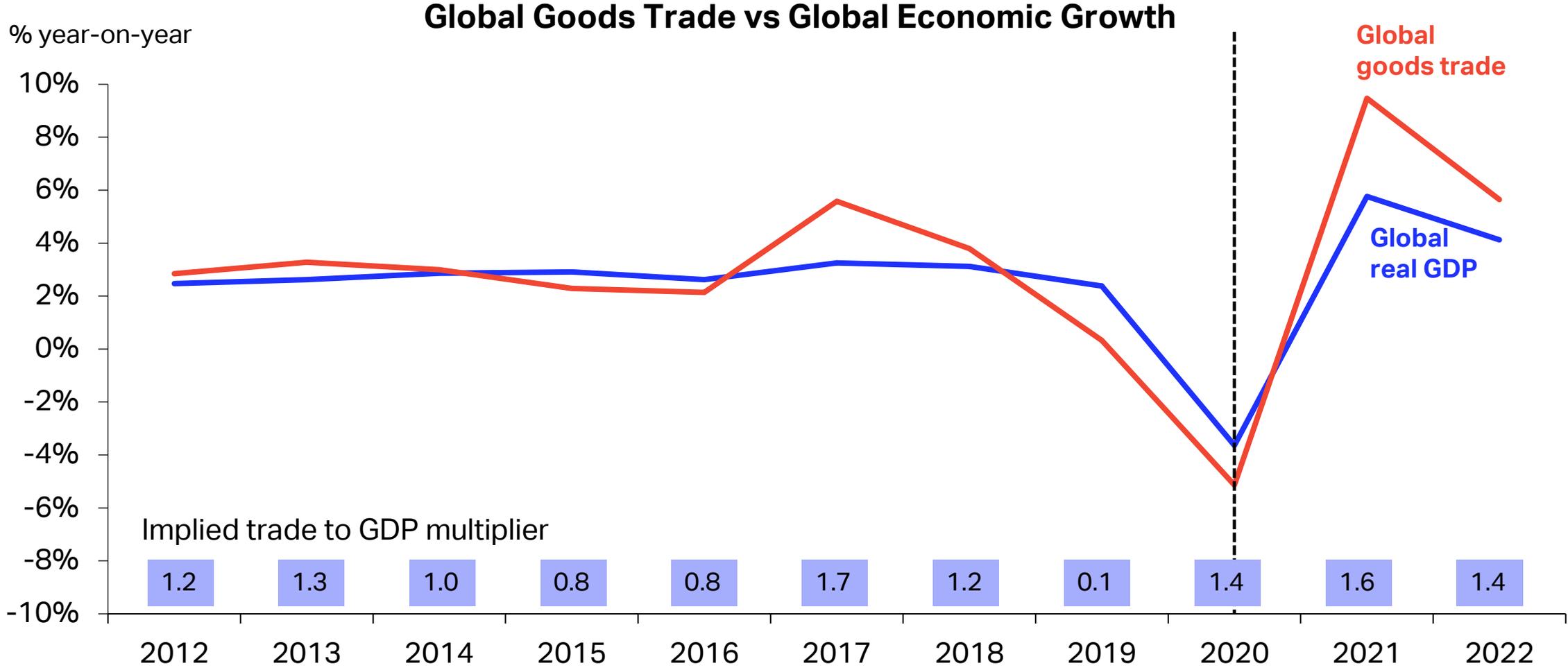
Ratio of Air Cargo to Container Rates



Source: IATA Economics, Refinitiv Eikon, Boeing, IATA CargoIS, Freightos Baltic Index

World trade to grow faster than global economy

Implied trade to GDP multiplier above the average of last decade

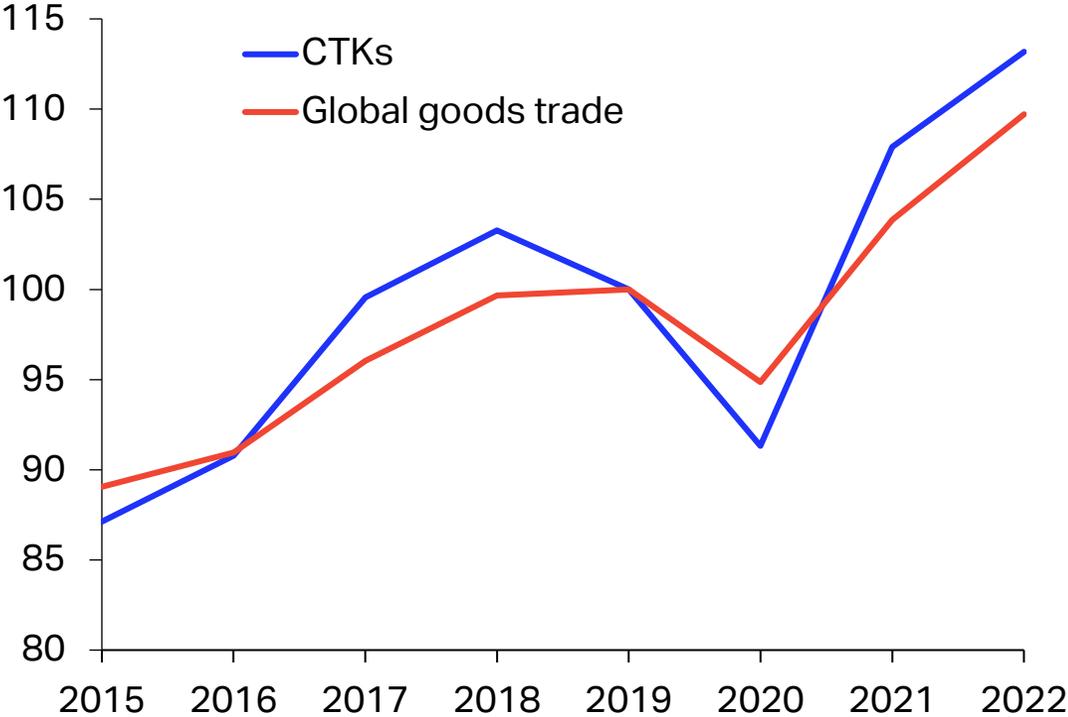


Source: WTO, IMF WEO

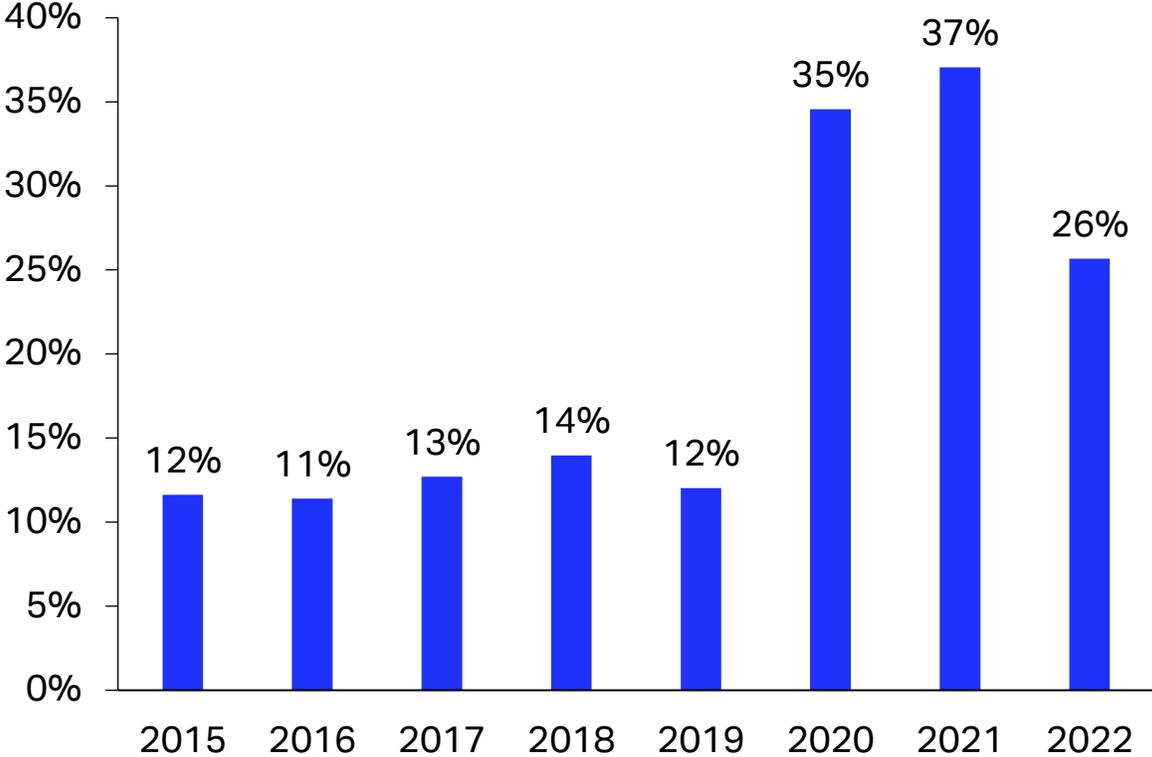
Air cargo continue to rise, trend above goods trade

Air cargo revenues are close to one-third of the airline operating revenues

Air Cargo vs Global Good Volumes,
Indexed to 100 in 2019



Cargo revenues
Share of total airline revenues



Source: IATA Economics, WTO

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