

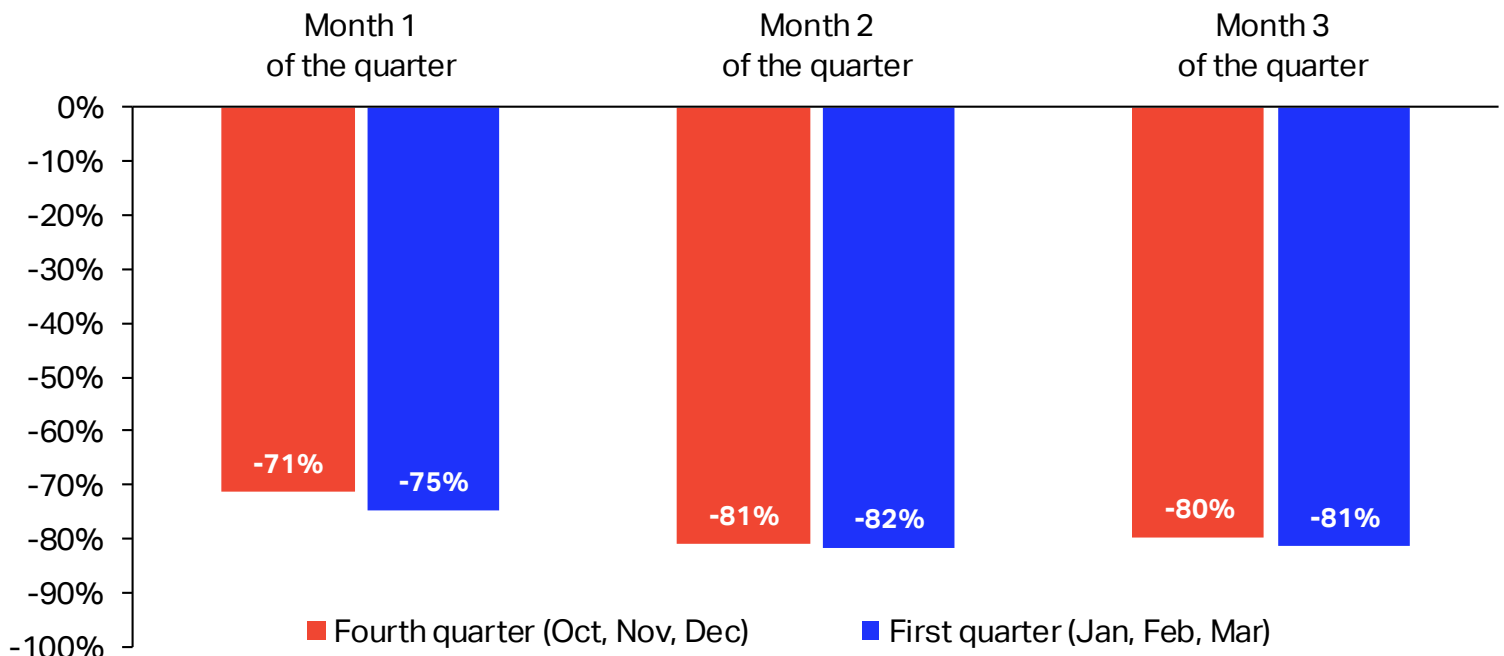


# IATA Economics' Chart of the Week

15 January 2021

## Near-term outlook remains challenging despite vaccine progress

Forward Bookings for the Quarter Ahead  
(% change vs the same period a year ago)



Source: IATA Economics using DDS ticketing data

- News flow regarding Covid vaccine developments fueled hopes for future global economic recovery over the past month. This positive sentiment boosted [global financial markets performance](#) which are trending above pre-pandemic levels. [Airline shares](#) also rallied following the vaccine news despite the resurgence of Covid cases and new lockdown measures in some regions. Although expectations of a vaccine-led recovery made financial market investors more tolerant of the recent rise in Covid cases, positive investor sentiment has not reflected in travelers' behavior as depicted in this week's chart.
- The chart above compares bookings for the first quarter of 2021 and fourth quarter of 2020, all bookings made as of October 1st for Q4 2020 and as of January 1st for Q1 2021. At the start of the fourth quarter bookings were c. 77% lower compared to the previous year and there was a downwards trend over the course of quarter. Similarly, at the start of this year bookings point to another difficult quarter, as they are on average 79% below their level a year ago. This is even a slight deterioration compared to the start of the previous quarter indicating that the recovery in air travel demand, which has already stalled in the last quarter of 2020, could weaken further. Hence, airlines will keep [burning cash](#) until vaccines become widely available. The use of effective testing instead of quarantine to accelerate market opening will be critical for the survival of airlines in many regions.

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