

State of the Region:

Europe

IATA Economics

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GDP growth, exchange rates, oil & jet fuel price

- The trade-weighted US dollar index rose by 0.9% in November vs. October. Amongst the key regional currencies, the TRY significantly depreciated against the US\$ in November as the country's central bank cut interest rates further despite soaring inflation.
- Jet fuel and Brent crude oil prices fell in November due to rising supply and concerns about the spread of the Omicron variant. That said, they remained above pre-crisis 2019 levels.

GDP growth

<i>% change on a year ago</i>	2020	Q1 2021	Q2 2021	Q3 2021
Germany	-4.9	-3.0	10.0	2.6
Russia	-3.0	-0.7	10.5	--
France	-8.0	1.5	18.8	3.3
UK	-9.7	-5.8	23.6	6.6
Italy	-9.0	-0.6	17.1	3.9
Spain	-10.8	-4.2	17.5	2.7
Turkey	1.8	7.4	22.0	7.4
Israel	-2.1	0.7	14.5	5.9
Euro zone	-6.5	-1.1	14.4	3.9
Eastern Europe	-3.0	-0.4	9.8	5.0
World*	-3.5	2.9	11.6	4.7

Exchange rates

<i>end of period, # per</i>	%YTD 2021	Sep-21	Oct-21	Nov-21
US\$ broad index	2.9%	113.8	114.4	115.4
European euro (EUR)	-9.3%	0.9	0.9	0.9
Russian ruble (RUB)	-0.6%	72.8	71.0	74.4
British pound (GBP)	-3.3%	0.7	0.7	0.8
Turkish lira (TRY)	-79.9%	8.9	9.6	13.2
Israeli shekel (ILS)	1.9%	3.2	3.2	3.2

Oil and fuel price

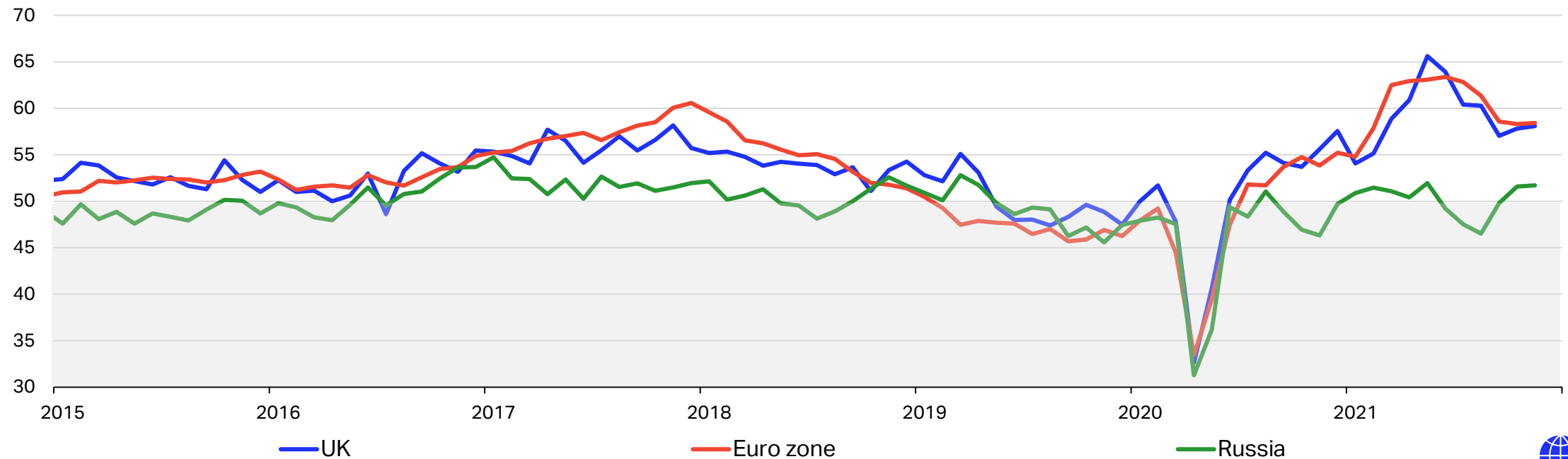
<i>US\$/barrel (period ave.)</i>	2020	Sep-21	Oct-21	Nov-21
Crude oil (Brent)	43.4	74.7	83.9	80.9
Jet fuel	46.3	82.9	95.6	91.8

Business confidence

- The manufacturing sector continued to expand across the three key economies that we track for the Europe region. That said, the ongoing material shortages and rising inflationary pressures on both input and output side represent a significant challenge to manufacturing growth in the current operating environment.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Passenger market

- Global air travel continued to slowly recover in October, with industry-wide revenue passenger-kilometres (RPKs) 49.4% below October 2019 values. Both domestic and international RPKs contributed to the improvement.
- European airlines reported a 45.3% RPK fall in October 2021 vs. October 2019 – an improvement on a 49.9% decline in the previous month. Amongst the key regional markets, Within Europe remained the strongest performer (RPKs down 36.1% vs. pre-crisis levels). Domestic travel in Russia was still a strong 24.0% above October 2019 levels. However, a strong wave of COVID-19 combined with the start of the winter travel season meant that growth decelerated somewhat compared with Q3.

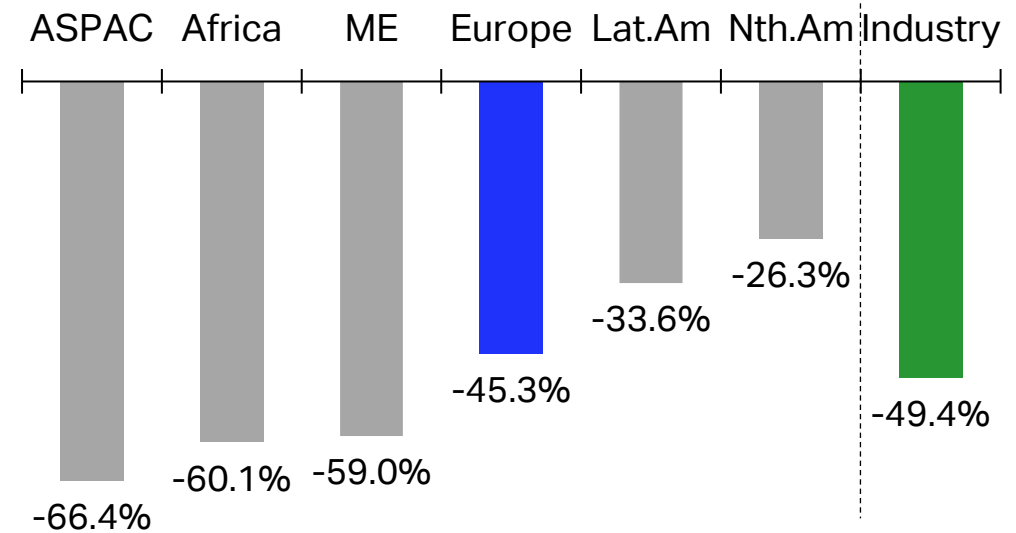
Revenue passenger kilometers (RPKs)

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	2020	Aug-21	Sep-21	Oct-21
Region (registration basis)				
Europe	-69.8	-48.6	-49.9	-45.3
World	-65.9	-56.2	-53.3	-49.4
Routes (segment basis)				
Russia domestic	-23.5	31.9	29.3	24.0
Within Europe	-70.7	-42.9	-44.0	-36.1
Europe - North America	-80.5	-64.6	-65.2	-63.9
Europe - Asia	-79.0	-88.4	-86.8	-86.2
Europe - Middle East	-72.8	-70.2	-64.9	-55.1
Europe - Africa	-68.5	-47.4	-49.2	-41.6
Europe - South America	-71.9	-75.1	-70.4	-58.7

Growth in passenger volumes, by region

RPKs, % change vs. Oct 2019



Air cargo market

- Industry-wide cargo tonne-kilometres (CTKs) grew by 9.4% in October 2021 compared to the same month in 2019. Air cargo volumes have trended sideways for the past six months or so, at elevated levels. Global manufacturing activity and trade have slowed amidst issues related to congestion and input and labour shortages but remain broadly supportive.
- For European airlines, air cargo growth improved from 6.3% in September to 9.0% in October, when compared with pre-crisis levels. Manufacturing activity is resilient in the region but slowing down, and inflation is increasing, although less than in the US.

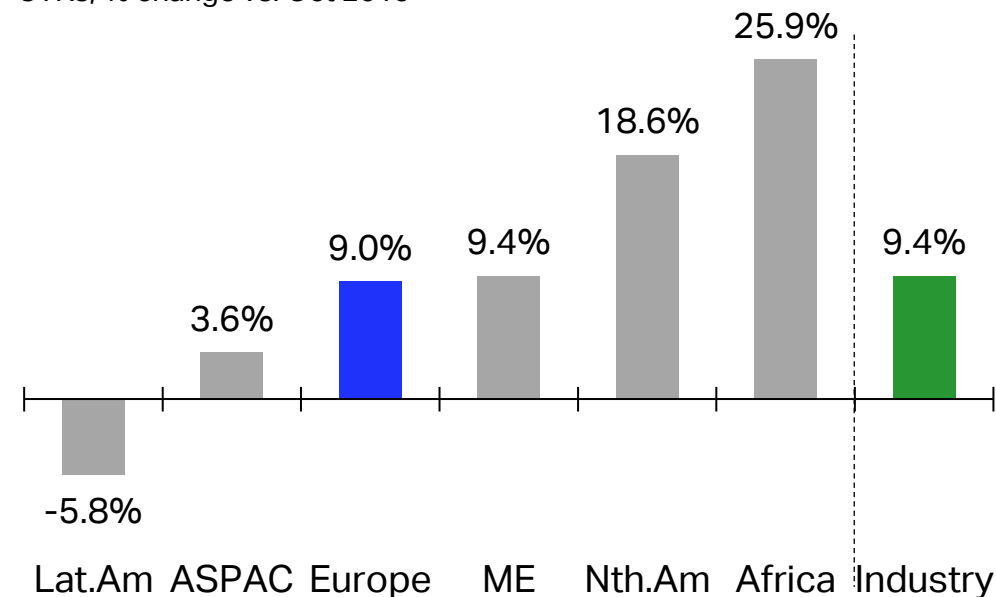
Cargo tonne kilometers (CTKs)

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	2020	Aug-21	Sep-21	Oct-21
Region (registration basis)				
Europe	-13.9	6.1	6.3	9.0
World	-8.7	7.5	9.1	9.4
Routes (segment basis)				
Europe - Asia	-10.4	2.9	-0.2	6.8
Europe - North America	-17.9	2.6	6.7	9.5
Europe - Middle East	-17.3	-2.5	1.1	-0.4
Europe - Africa	-20.3	-14.8	-11.0	-10.6
Europe - South America	-23.6	-6.2	-4.7	-3.3
Within Europe	-23.7	-4.7	-10.9	-13.9

Growth in cargo volumes, by region

CTKs, % change vs. Oct 2019



Capacity growth & load factors

- There was a second consecutive month of gain in air passenger capacity in October. Industry-wide available seat-kilometres (ASKs) were down 41.2% compared to October 2019, an improvement from the 43.5% fall in September. The ASK recovery was broad-based across all regions, with European carriers recording a 36.6% ASK contraction this month.
- Air cargo capacity also improved in October – industry-wide available cargo tonne-kilometres (ACTKs) were 7.2% below October 2019 levels. In September, the fall versus 2019 had been at 8.8%. European airlines posted ACTK fall in line with the industry average, at -7.2%.

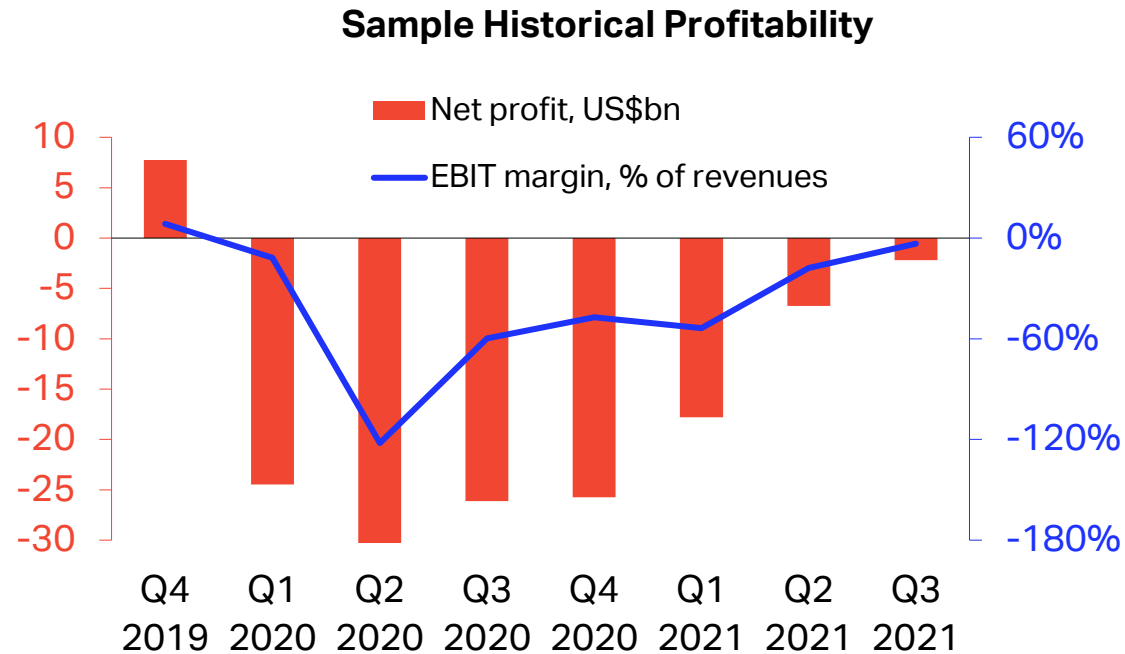
Capacity growth and load factors

To aid understanding, we make % comparisons with pre-crisis 2019 period.

<i>ASK/ACTK: %ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		2020	Aug-21	Sep-21	Oct-21
Passenger					
Europe	ASK	-62.4	-38.7	-40.1	-36.6
	PLF	68.3	74.7	72.4	74.1
World	ASK	-56.7	-46.5	-43.5	-41.2
	PLF	65.1	70.2	67.8	70.6
Cargo					
Europe	ACTK	-24.3	-12.8	-12.1	-7.2
	CLF	59.0	57.8	60.4	62.6
World	ACTK	-21.2	-12.5	-8.8	-7.2
	CLF	54.2	54.3	55.3	56.1

Airline EBIT margins & cash flow

- The latest sample of airlines' Q3 financial results confirmed that the industry's financial situation improved at the global level as more markets reopened, travel demand picked up and cargo revenues remained robust. The industry-wide operating loss was at 3.4% of revenues in July-September period, compared with a 17.8% loss in the previous quarter.
- European airlines reported EBIT margin at 3% of revenues in Q3 vs. -30% in Q2, benefitting from reopening of intra-European market over the summer period.



Airline operating (EBIT) margins*

% revenues	2019	2020	2021Q2	2021Q3
Europe	4.8	-32	-30	3
Industry	5.2	-30	-18	-3

* constant sample basis, not seasonally adjusted

Jet aircraft deliveries made & scheduled

- As of December 2021, European airlines are scheduled to receive 60% more aircraft deliveries in 2022 vs. 2021. Most of these deliveries will be a narrow-body aircraft (+138 vs. 2021).

Aircraft deliveries to Europe (as of December 2021)

deliveries made & due

