COVID-19

Weak year-end for air travel and outlook is deteriorating

3rd February 2021
Air travel recovery in 2020 stalled after the summer. RPKs ended year down 70%: domestic -43%, international -85% y-o-y.

Source: IATA Economics using data from IATA Statistics
Domestic markets showed there is a demand to fly China and Russia markets near full recovery, but others revealed fragility.

Growth in domestic market RPKs

Source: IATA Economics using data from IATA Statistics
International markets revival stifled by travel restrictions
Revival only seen in travel bubbles and where quarantine rules relaxed

Growth in international RPKs by market segment

Source: IATA Economics using data from IATA Statistics
‘Pre-variant’ herd immunity projections look promising
Reduction in travel restrictions will depend on efficacy against variants

Substantial pent-up demand but vulnerable to shocks

Bookings surged when quarantine relaxed, here for UK-UAE market

Source: IATA Economics using data from DDS

Forward bookings, year-on-year % change

12th November: UK announce the UAE exempt from quarantine rules

New COVID-19 variant emerges in the UK

Purchase period

% change year-on-year

20%
0%
-20%
-40%
-60%
-80%
-100%


UAE-UK

UAE-World*

* excludes the UK

Source: IATA Economics using data from DDS
Now COVID-19 cases have risen as new variants spread. Virus control situation deteriorated in January as new variants spread.

New COVID19 cases per week (000's)

Source: IATA Economics using data from European Centre for Disease Control
Causing renewed lock-downs and travel restrictions
Governments responded to variants by virtually closing borders to travel

International travel stringency index weighted by population (Jan 2020-Jan 2021)

Source: IATA Economics using data from Oxford University
Bookings for future travel are down significantly
After improving to -60% yoy by end 2020, bookings are now down -70%
RPK path depends on new variants and policy response
Risk that 2021 RPKs might only grow 13% to average 38% of 2019 levels

Source: IATA Economics
Contacts

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