

# COVID-19

**Challenging outlook for airlines, despite vaccine progress**

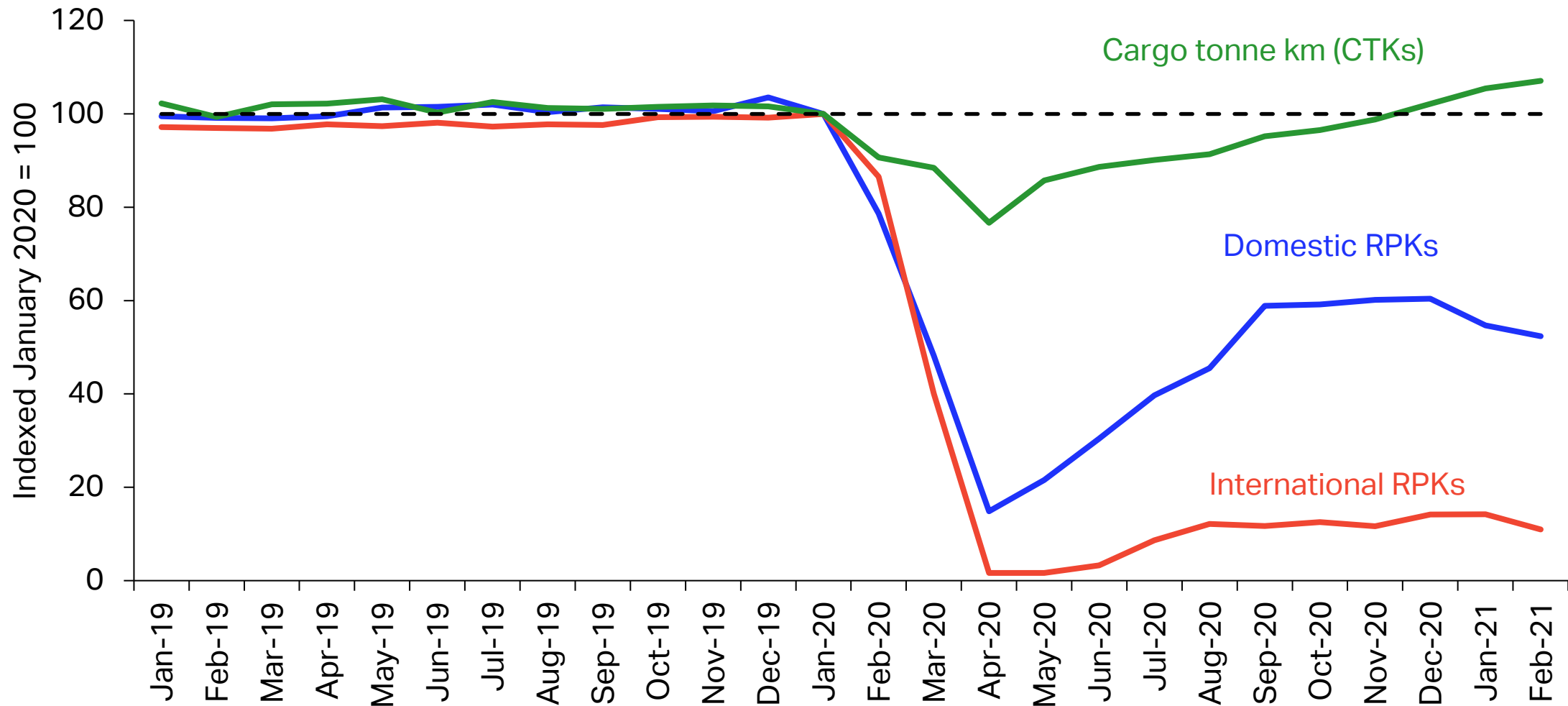
20<sup>th</sup> April 2021



# Air cargo volumes strong but air travel shrinking again

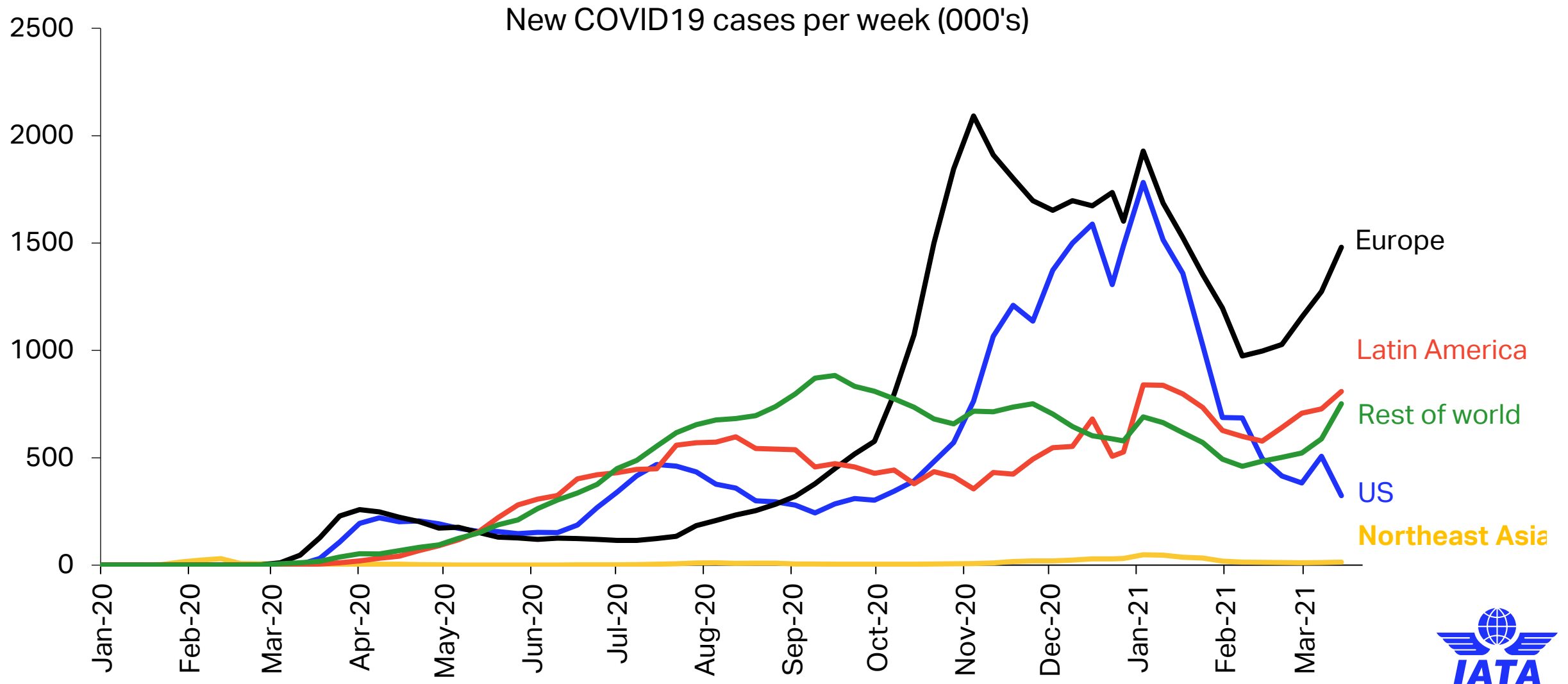
International RPKs -88.7%, domestic RPKs -51%, CTKs +9% (all vs Feb19)

Cargo tonne km (CTK) and passenger km (RPK), Jan 2020 = 100



# New COVID-19 cases remain high in most regions

## New variants have meant virus control much harder than expected



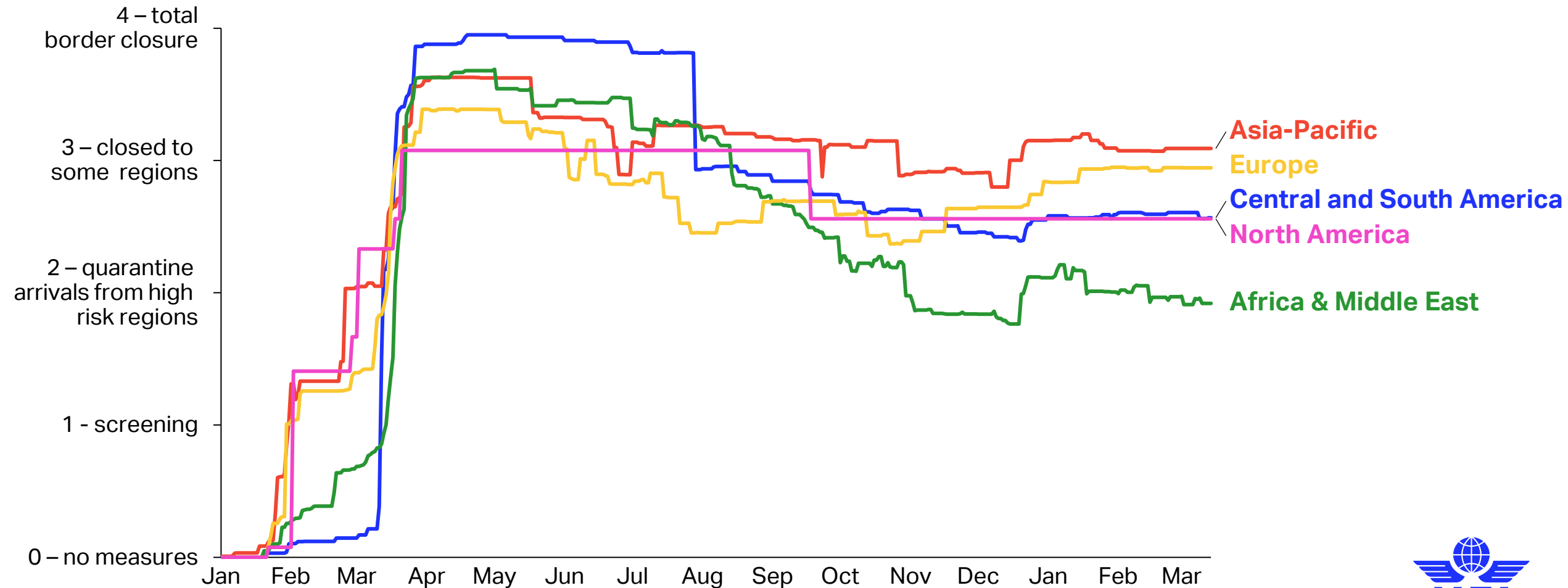
Source: IATA Economics using data from European Centre for Disease Control



# Governments have mostly kept borders closed to travel

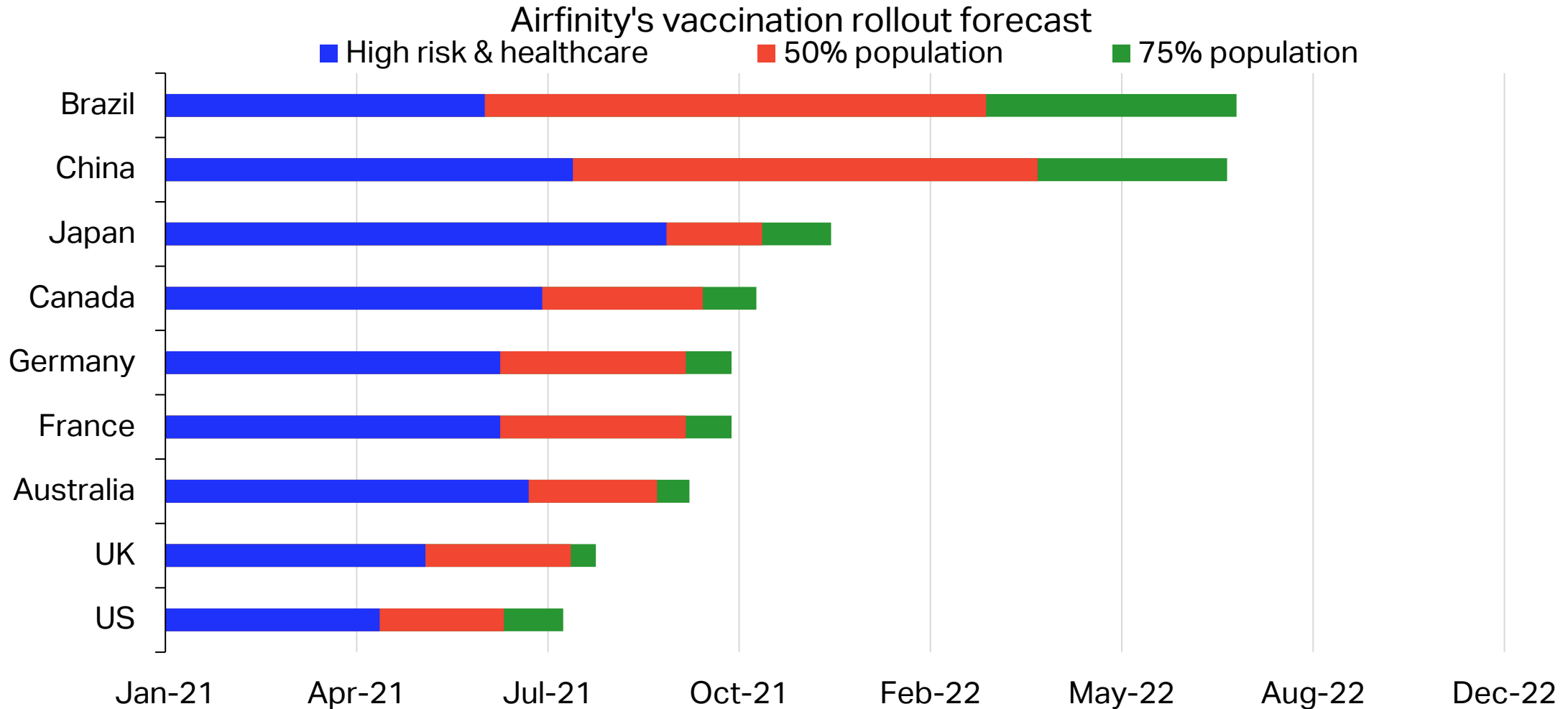
## Travel restrictions tightened in January keeping international travel low

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



# Vaccine rollout should allow some markets to open in H2

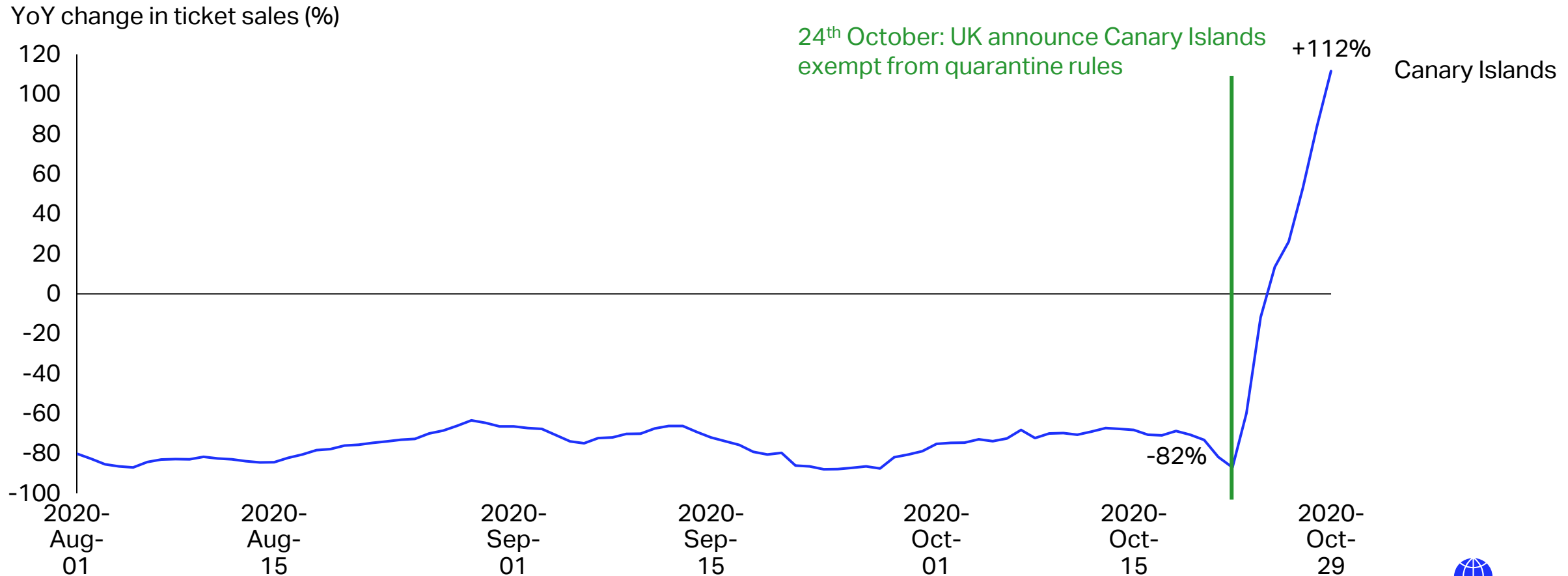
## Widespread vaccination has not been as rapid as expected in December



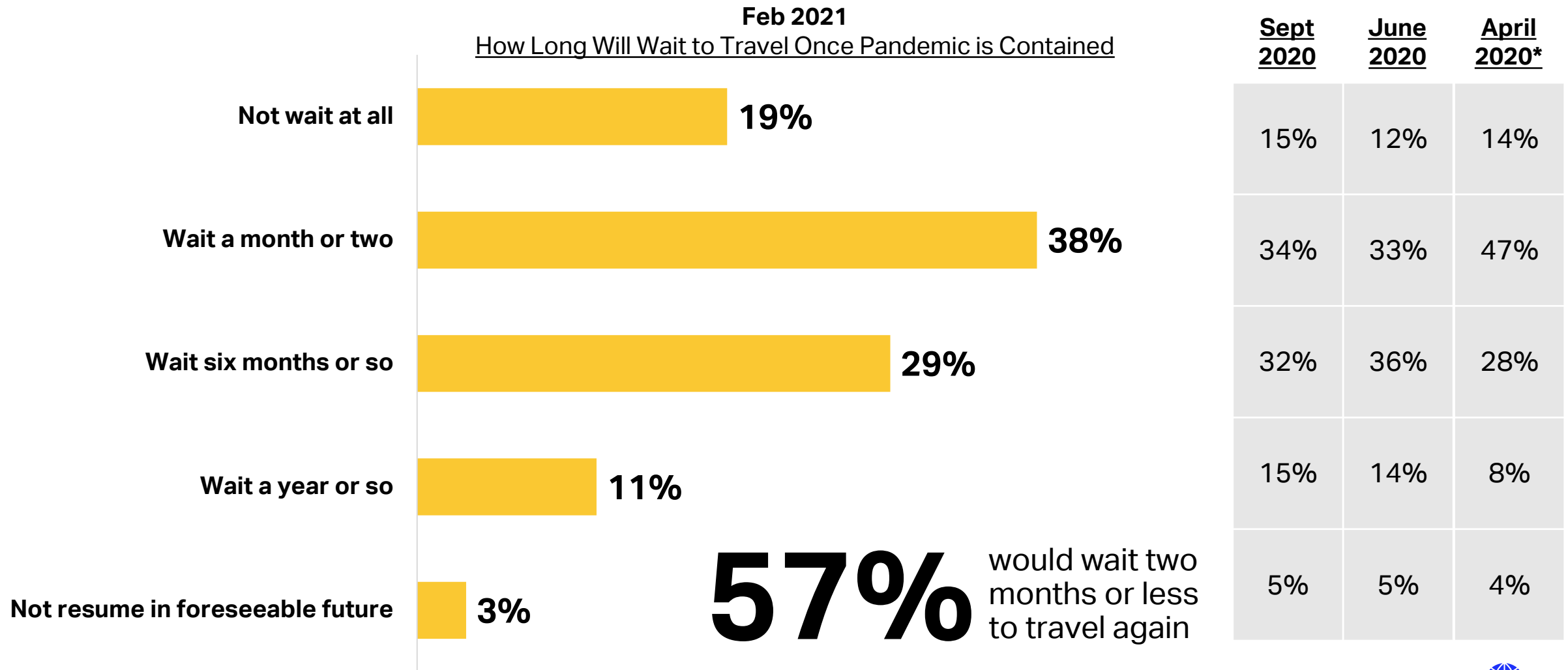
# Signs of willingness to fly when restrictions lifted

## Surge in October bookings when UK dropped quarantine for Canary Islands

YoY change in ticket sales between the UK and the Canary Islands, Aug-Oct 2020



# Anticipated return to travel is sooner than in previous passenger surveys



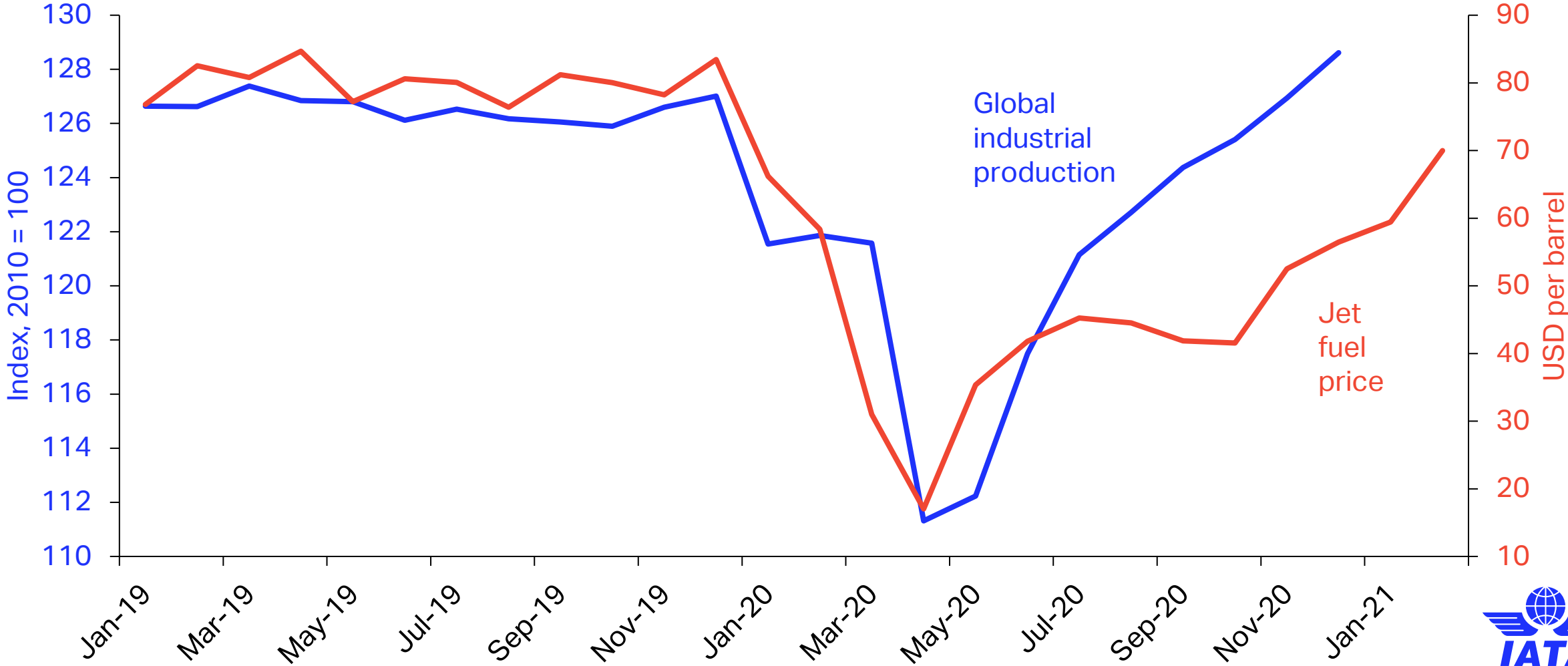
\*Numbers may not always add up due to rounding. Q12. Once the pandemic has been contained, how long would you wait, if at all, to return to your usual travel plans? \*\*Note that the wording of this question has changed slightly since it was asked in the April 2020 wave of this survey.



# Encouraging 'V-shaped' economic recovery but fuel is up

Higher fuel prices add to challenge of making restart cash positive

Global industrial production and jet fuel prices



Source: IATA Economics

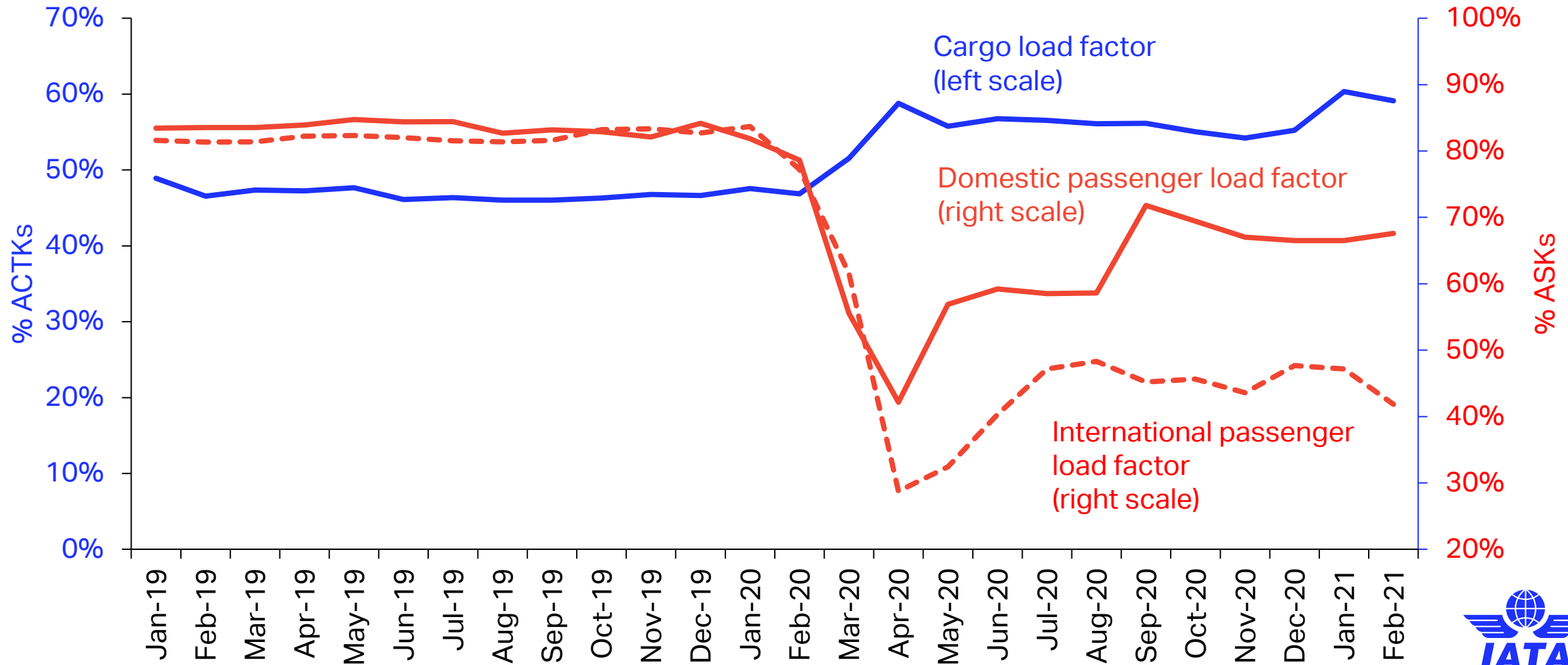




# Airlines unable to stop cash burn with these load factors

## Major problem for cash burn is sub-50% international pax load factor

Passenger and cargo load factors, % of capacity



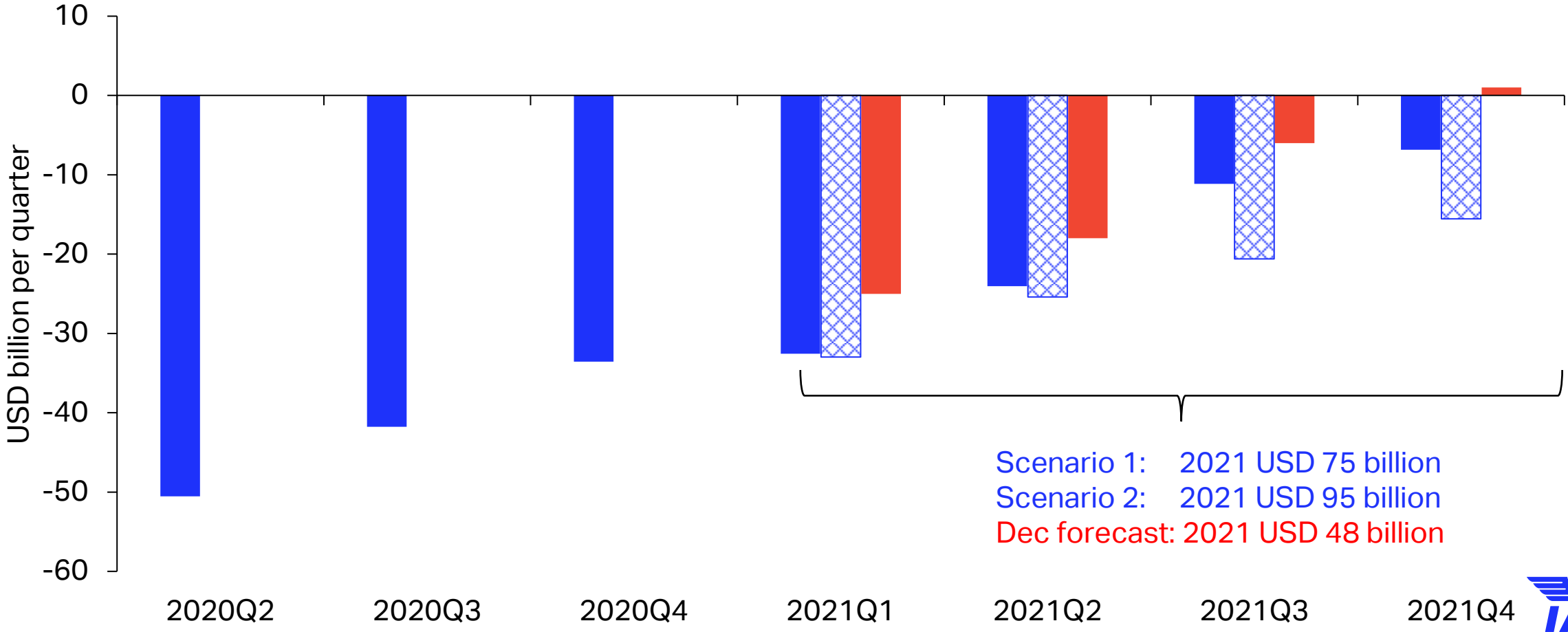
Source: IATA Economics using data from IATA Monthly Statistics. Data is adjusted for seasonality.

# Airline cash burn worse than forecast in December

## Delay in travel recovery implies 2021 cash burn of USD 75-95 billion

Global airline industry cash burn forecast, USD billion per quarter

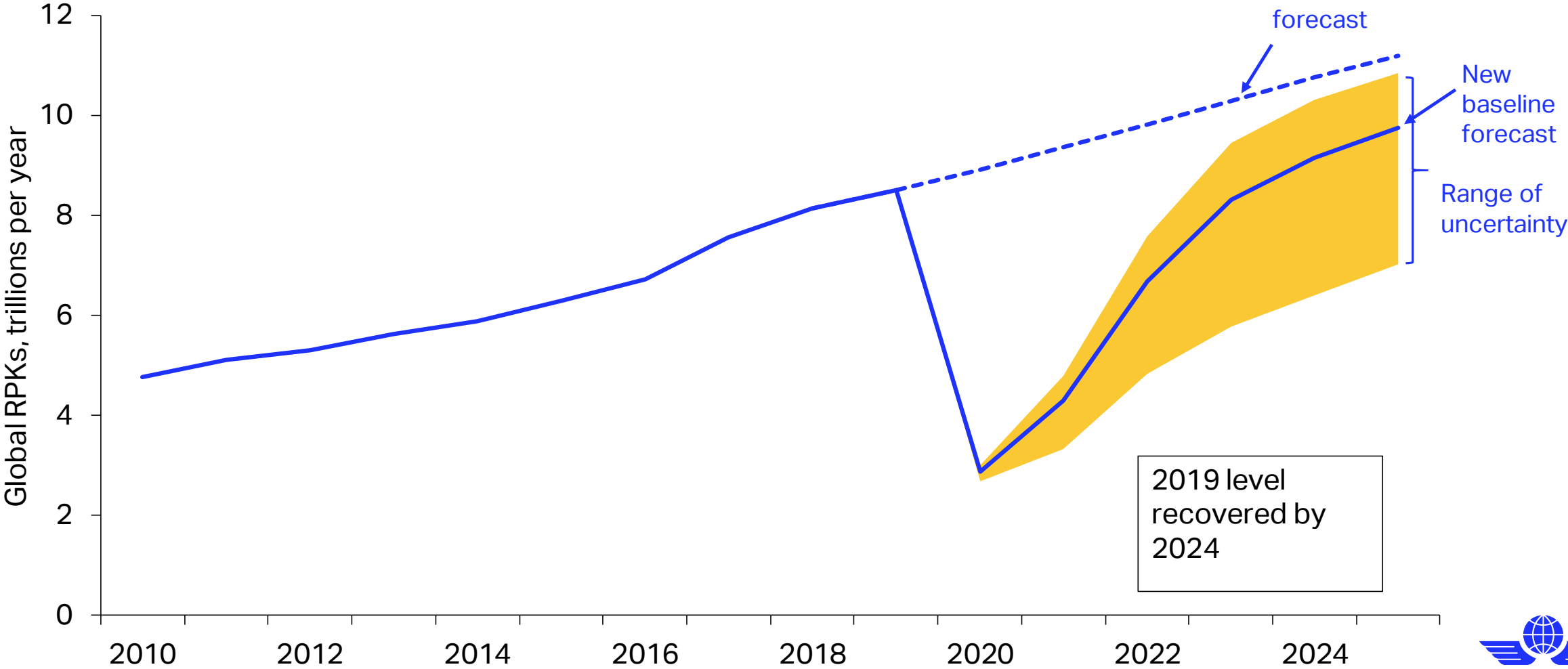
■ Scenario1    ▨ Scenario2    ■ Dec forecast



# Full recovery of air travel will still take several years

## Domestic recovers first but international travel rule relaxation will lag

Global RPKs, trillions per year

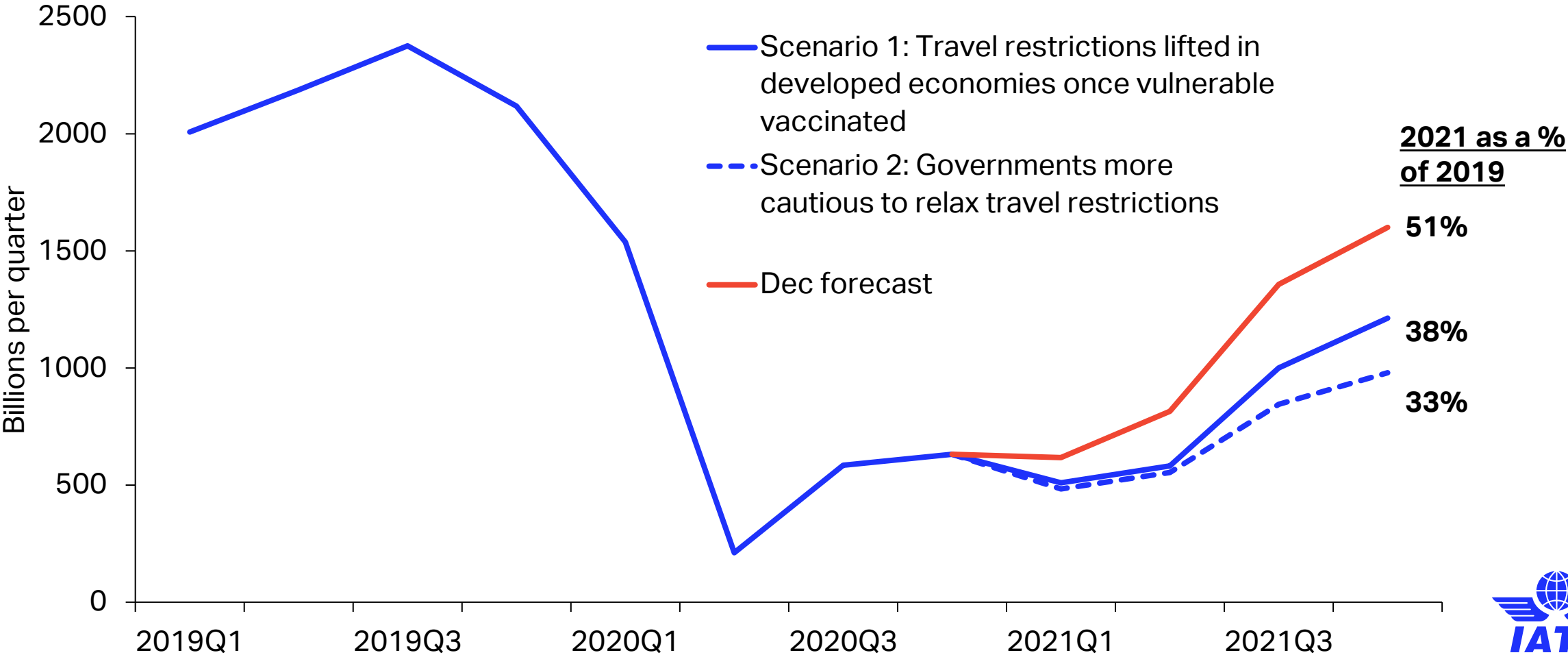


Source: IATA/Tourism Economics 'Air Passenger Forecasts' October 2020

# 2021 H1 will be weaker than expected in December

There is also a risk to H2 from policy response to new virus variants

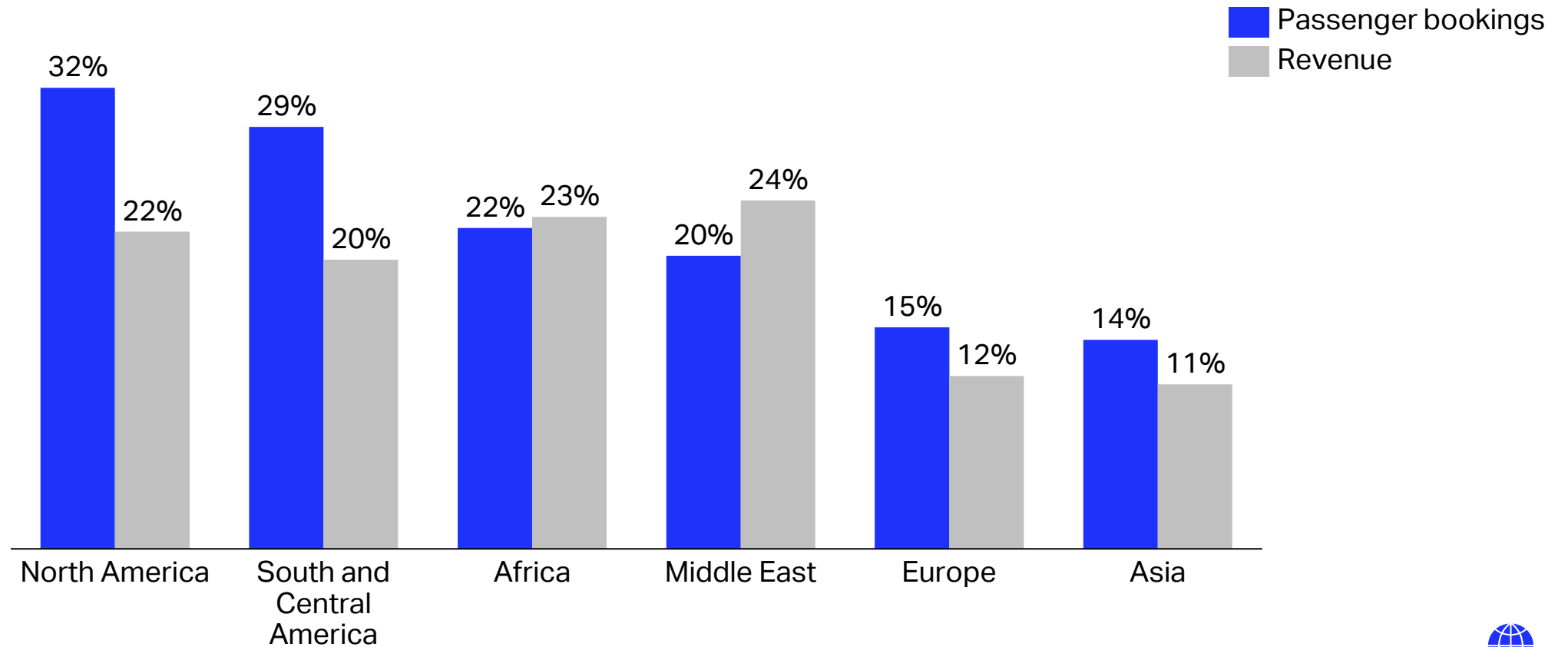
Global RPKs, billions per quarter



Source: IATA Economics

# Bookings for summer at 11-32% of 2019 levels

Net bookings for travel between May-September in 2021 as % of 2019, bookings made before 20 March each year

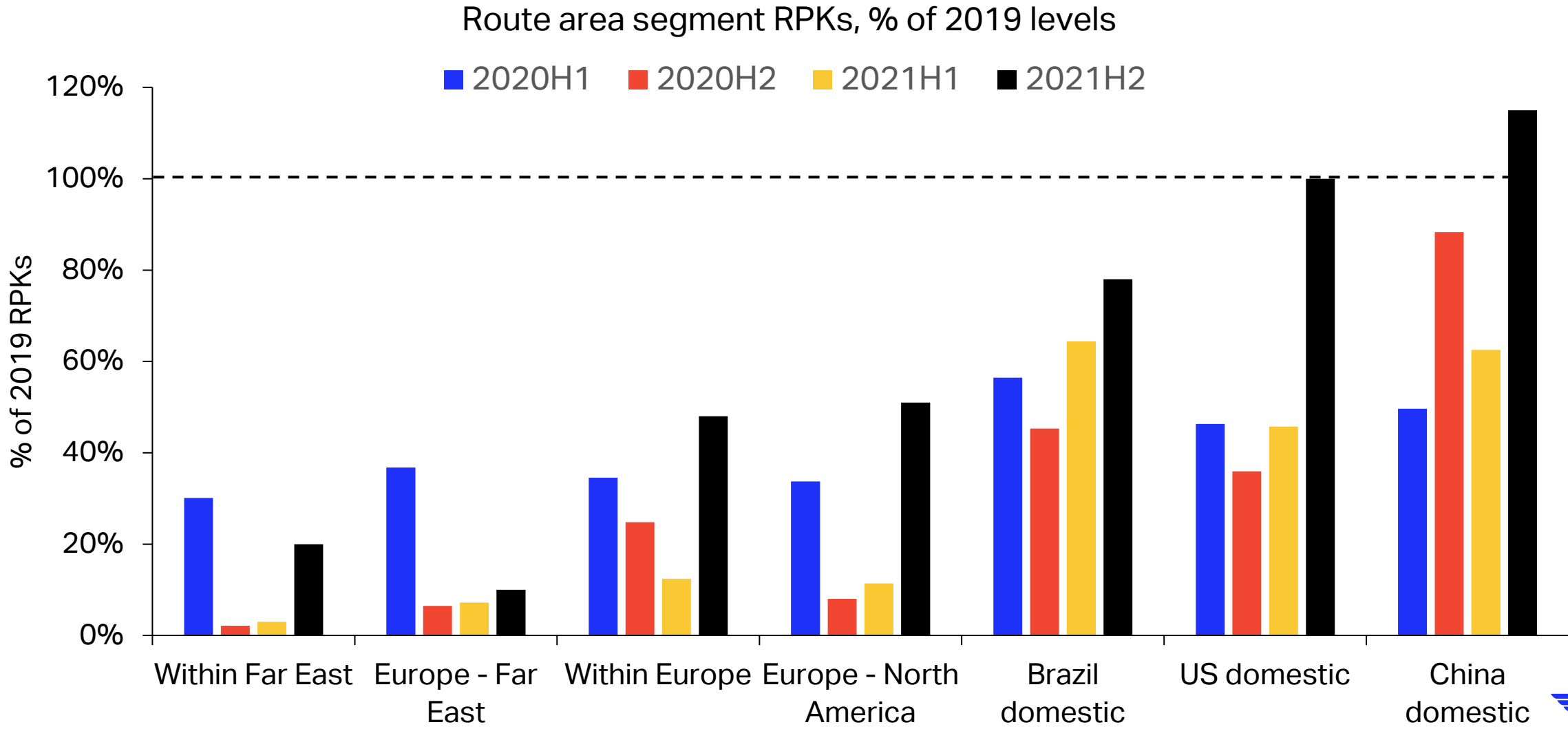


Source: IATA Economics calculations based on DDS data



# Strong 2<sup>nd</sup> half expected in domestic markets, international weak

Ramp-up of operations in 2021 weighted towards domestic markets



Source: IATA Economics, April 2021

# Contacts

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