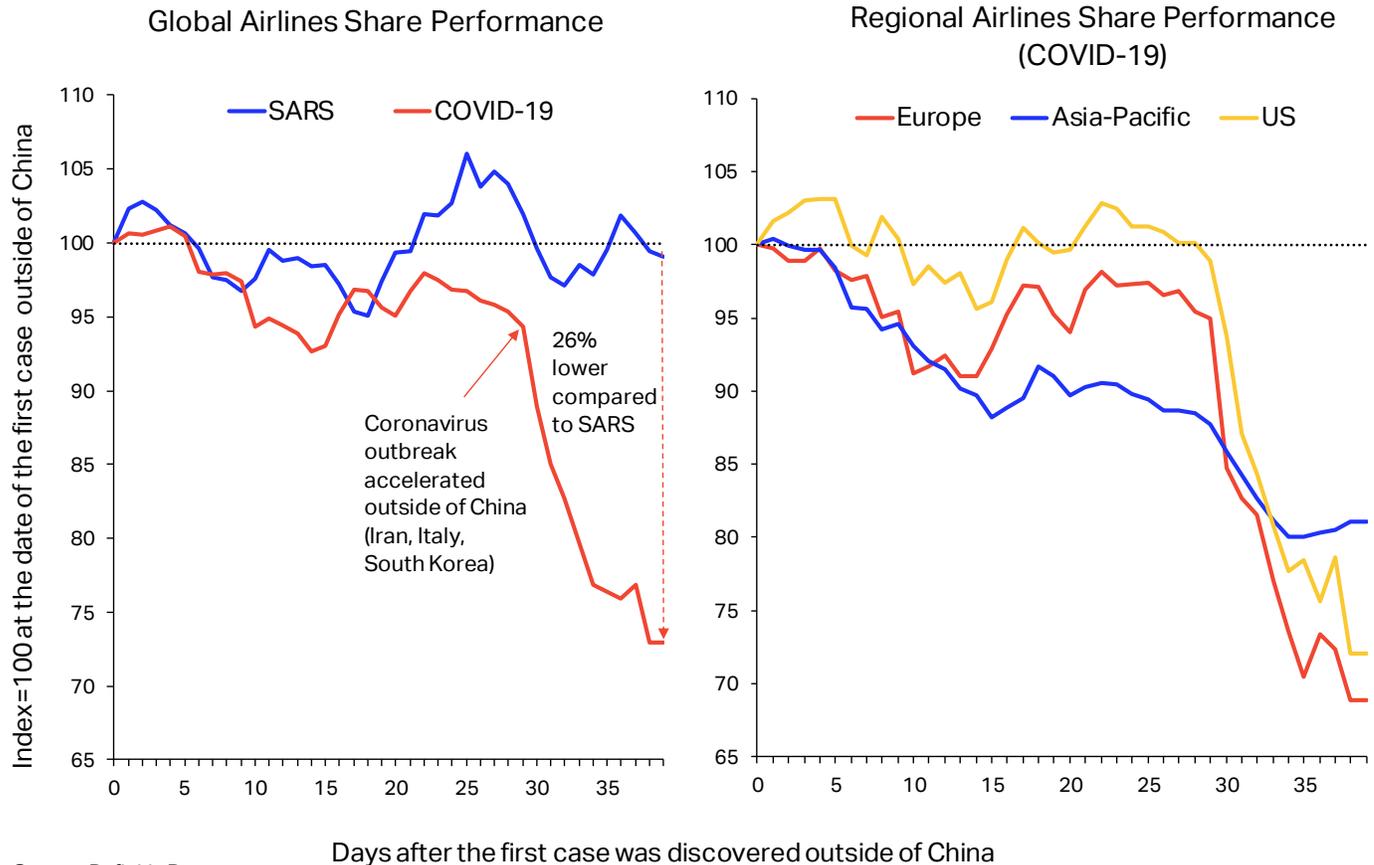




IATA Economics' Chart of the Week

06 March 2020

Investor concerns rise as coronavirus spreads globally



Source: Refinitiv Datastream

- The airline industry is one of the major industries impacted by various shocks, including disease outbreaks. The COVID-19 experience is, of course, the latest example. However, the current situation appears to be different to that of SARS in the way that investors reacted to growing concerns about the spread of the virus outside of China, and the possibility of COVID-19 becoming a global outbreak.
- Although global airline shares have been affected since the beginning of the outbreak, the sharp decline in European and US airline share price indices more recently highlights investor concerns that the impact of the epidemic will not only be on Asia-Pacific airlines. As of March 5th, the global airline shares index was 26% below the SARS episode in the comparable time period. Indeed, the magnitude of decline is similar to the period following the collapse of Lehman Brothers in 2009 when the airline index came down c. 25% within 40 days following the bankruptcy.
- As the number of countries with confirmed cases rises in Europe, the Middle East and North America, we have updated our [initial impact assessment](#) which was focused on the impact of COVID-19 on Asia-Pacific airlines, when the outbreak in the other regions was at an early stage. In our latest assessment, we consider the new centers of transmission and potential passenger confidence loss in the regions being affected. Under two potential scenarios, i.e. partial containment and widespread community transmission, we estimate passenger revenue losses to be between \$63 bn and \$113 bn in 2020 ([see updated assessment for further details](#)).

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