COVID-19

June data and revised air travel outlook

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Chief Economist

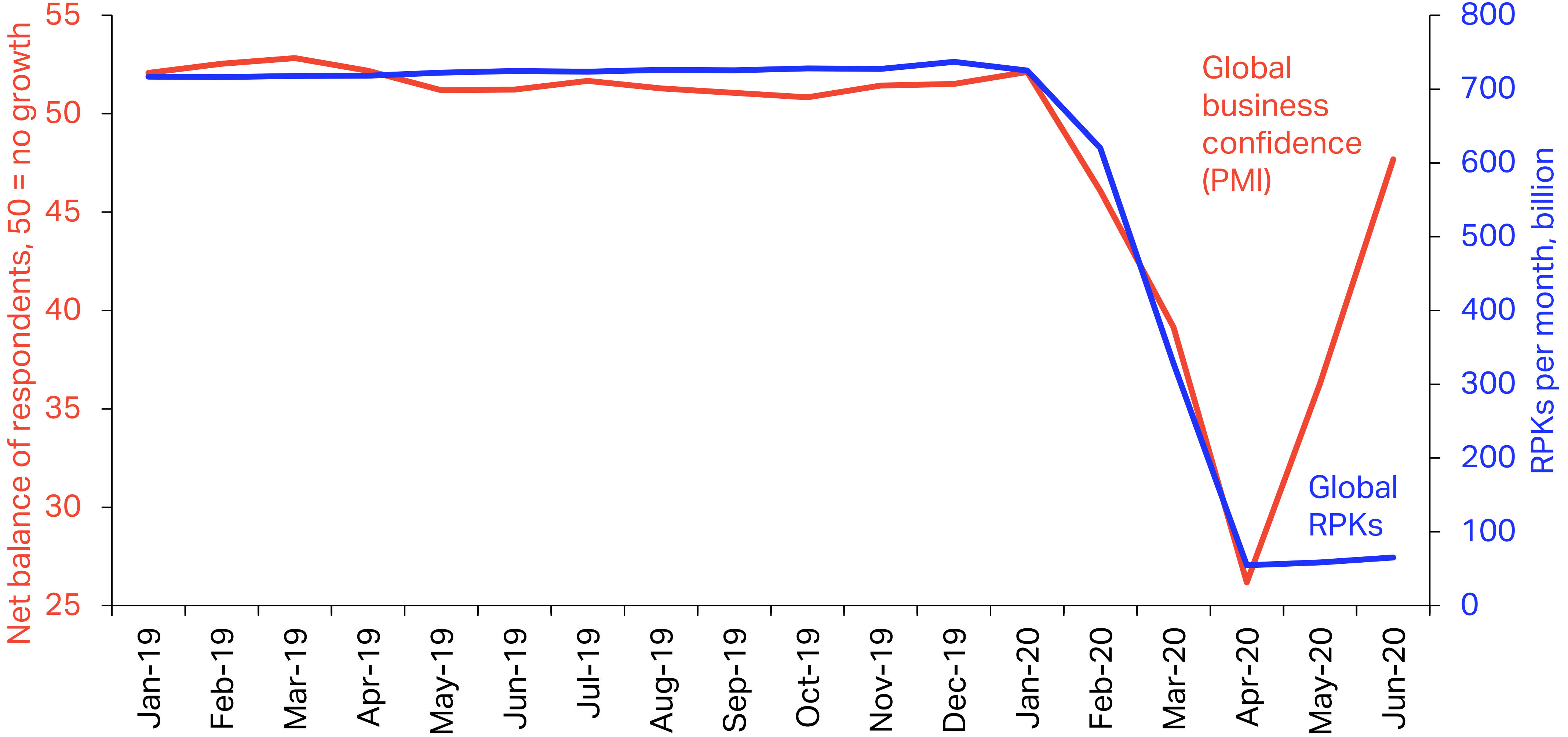
28th July 2020

IATA

Air travel upturn continued in June but surprisingly weak

Global RPKs -86.5% yoy in June vs -94.1% at April low point

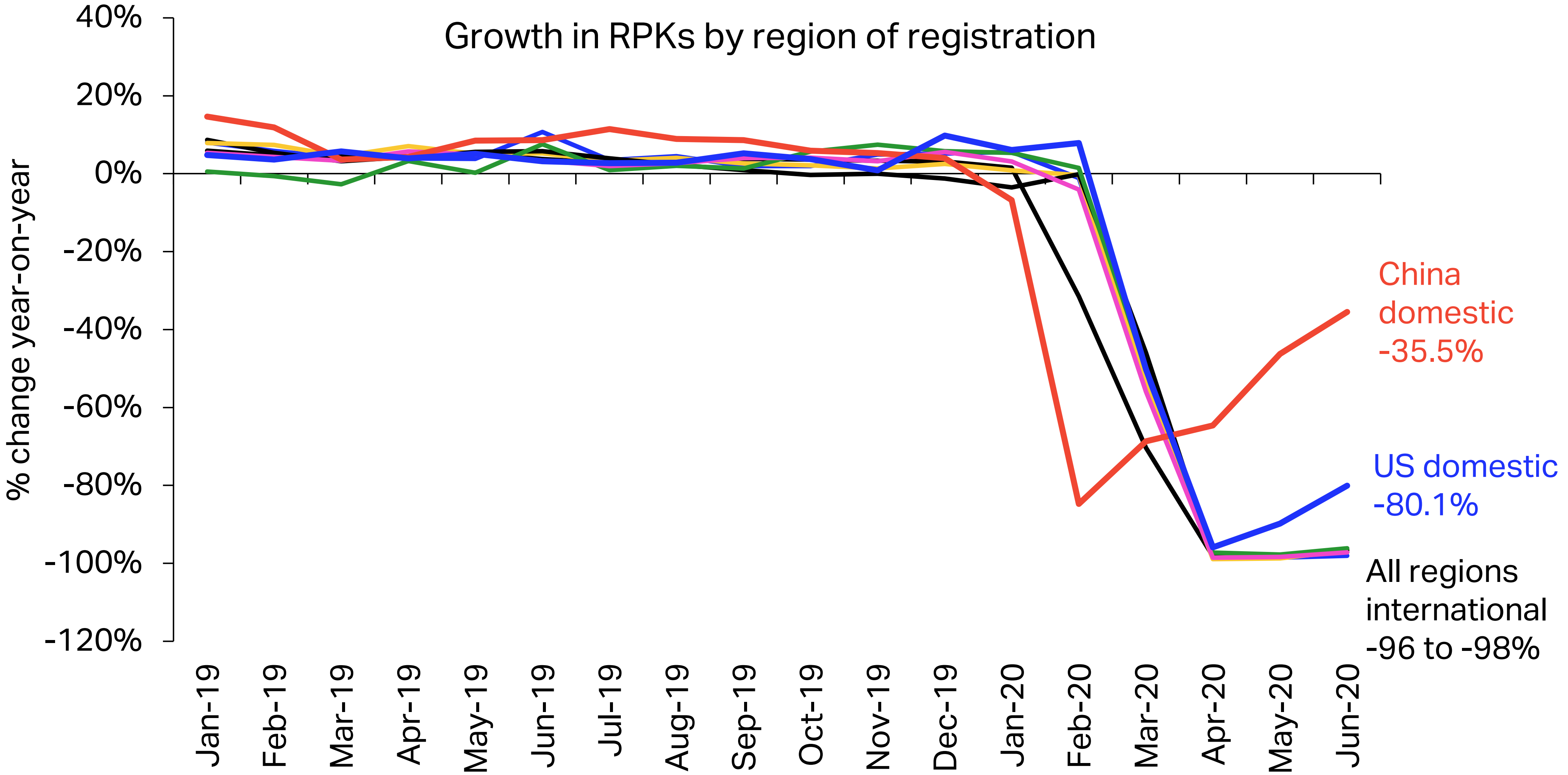
Global RPKs and global business confidence, monthly



Source: IATA Economics using data from IATA Statistics and Markit Purchasing Managers Index

June upturn narrowly based on domestic markets

China domestic travel growing but little growth on international markets

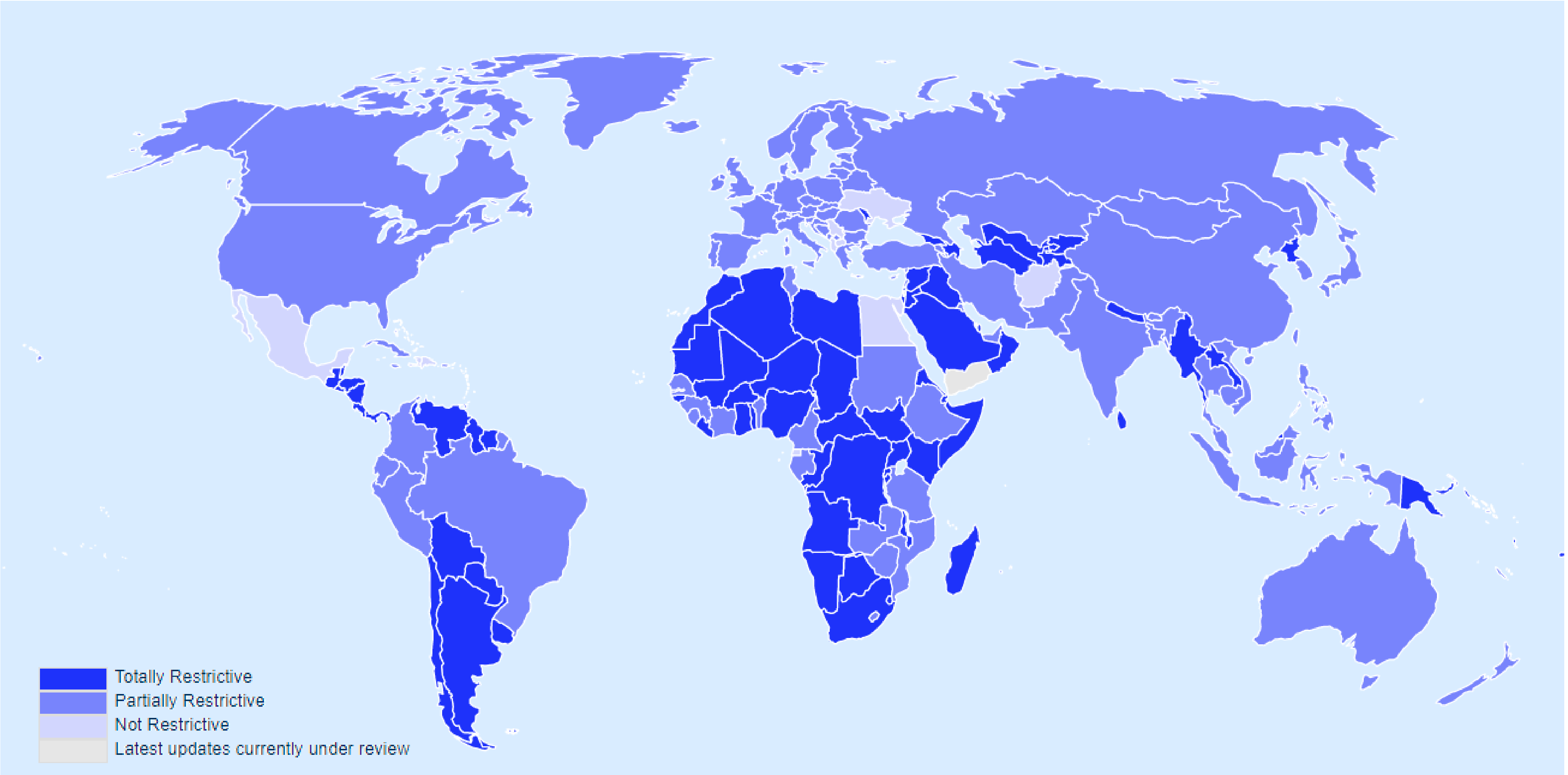


Source: IATA Economics using data from IATA Statistics

Border restrictions have not yet been widely relaxed

The few travel corridors (e.g. EU) only source of international air travel

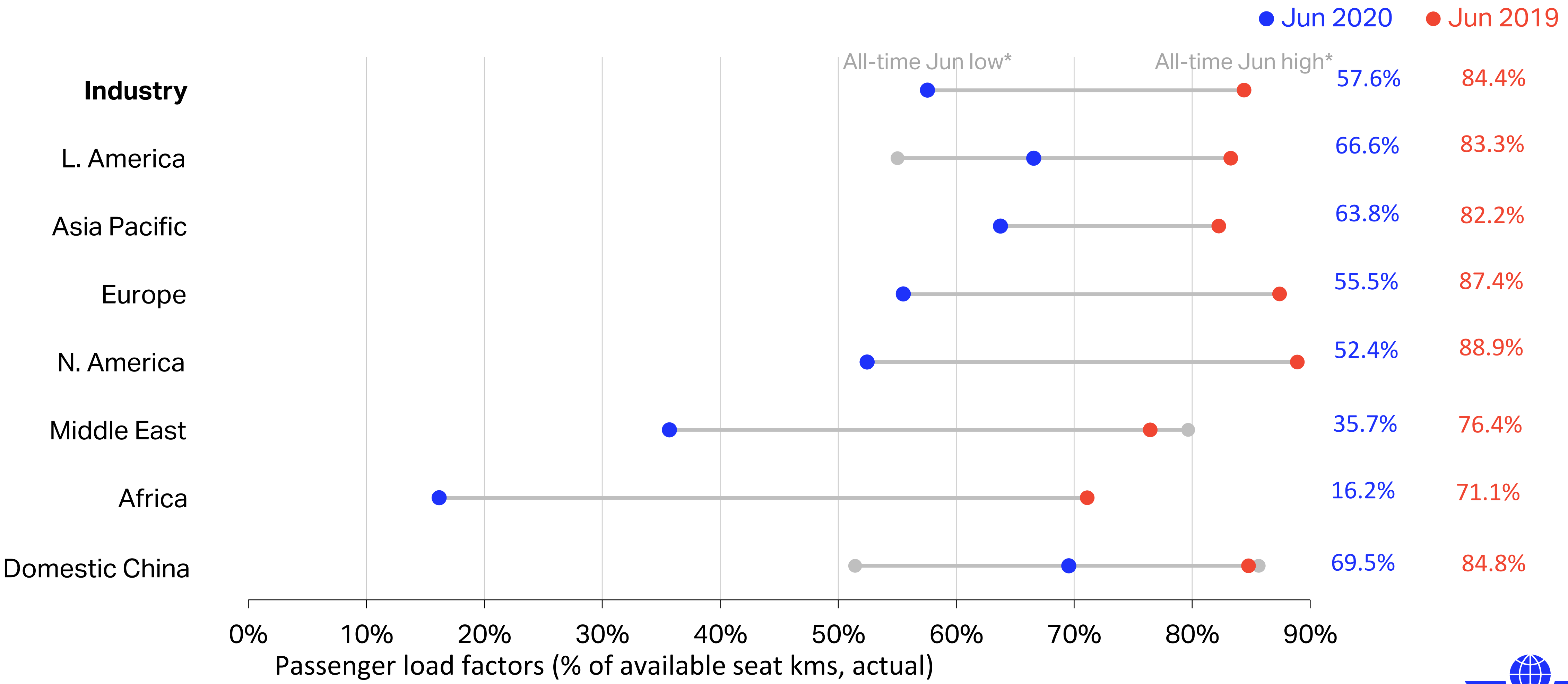
Current Border Restrictions, as of 24 July



Source: IATA Timatic (www.iatatravelcentre.com)

Load factors remain at all-time lows in most regions

June domestic load factors 62.9% but international only 38.9%

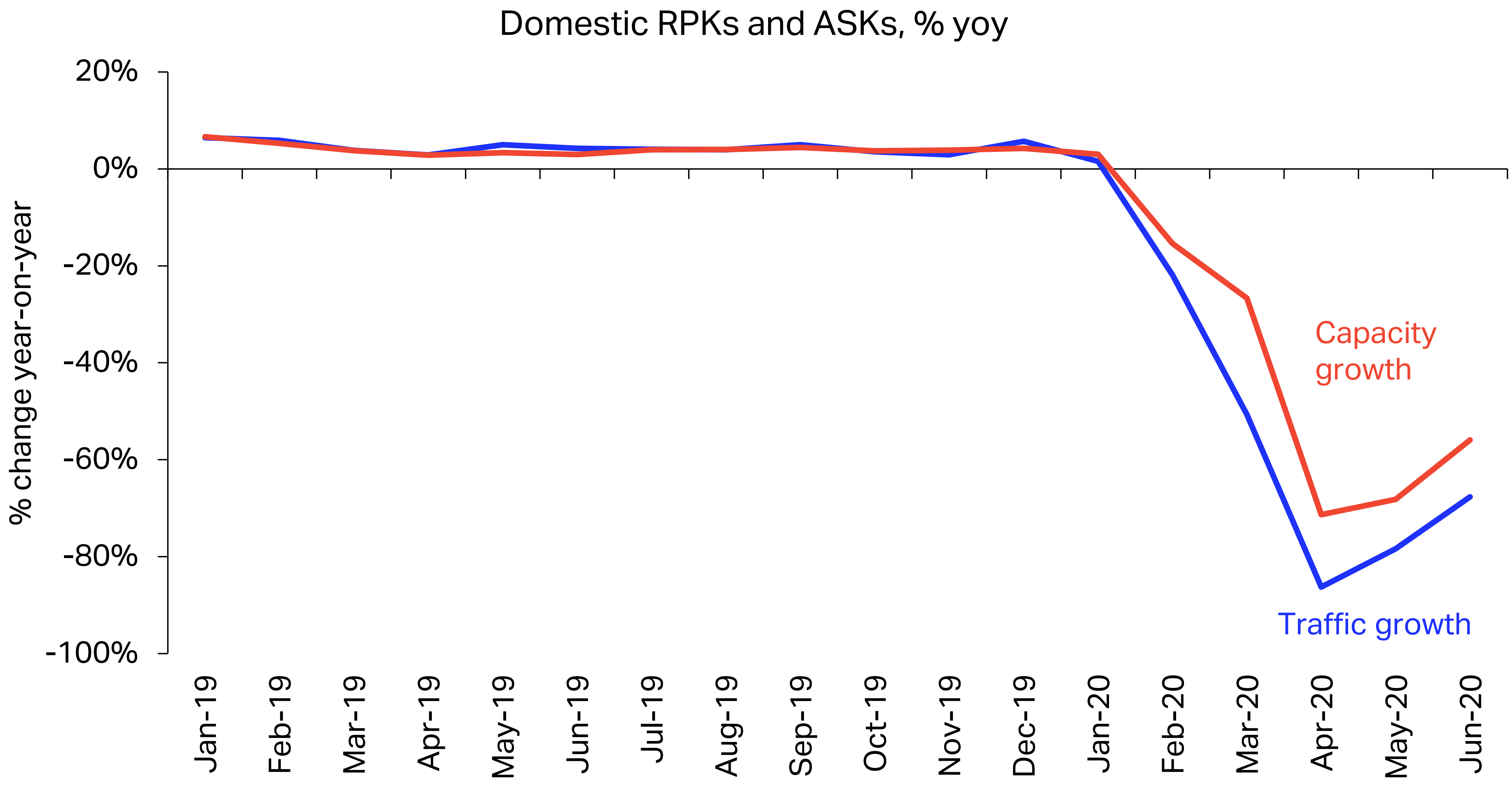


*Data from 1990 onwards

Source: IATA Economics using data from IATA Statistics

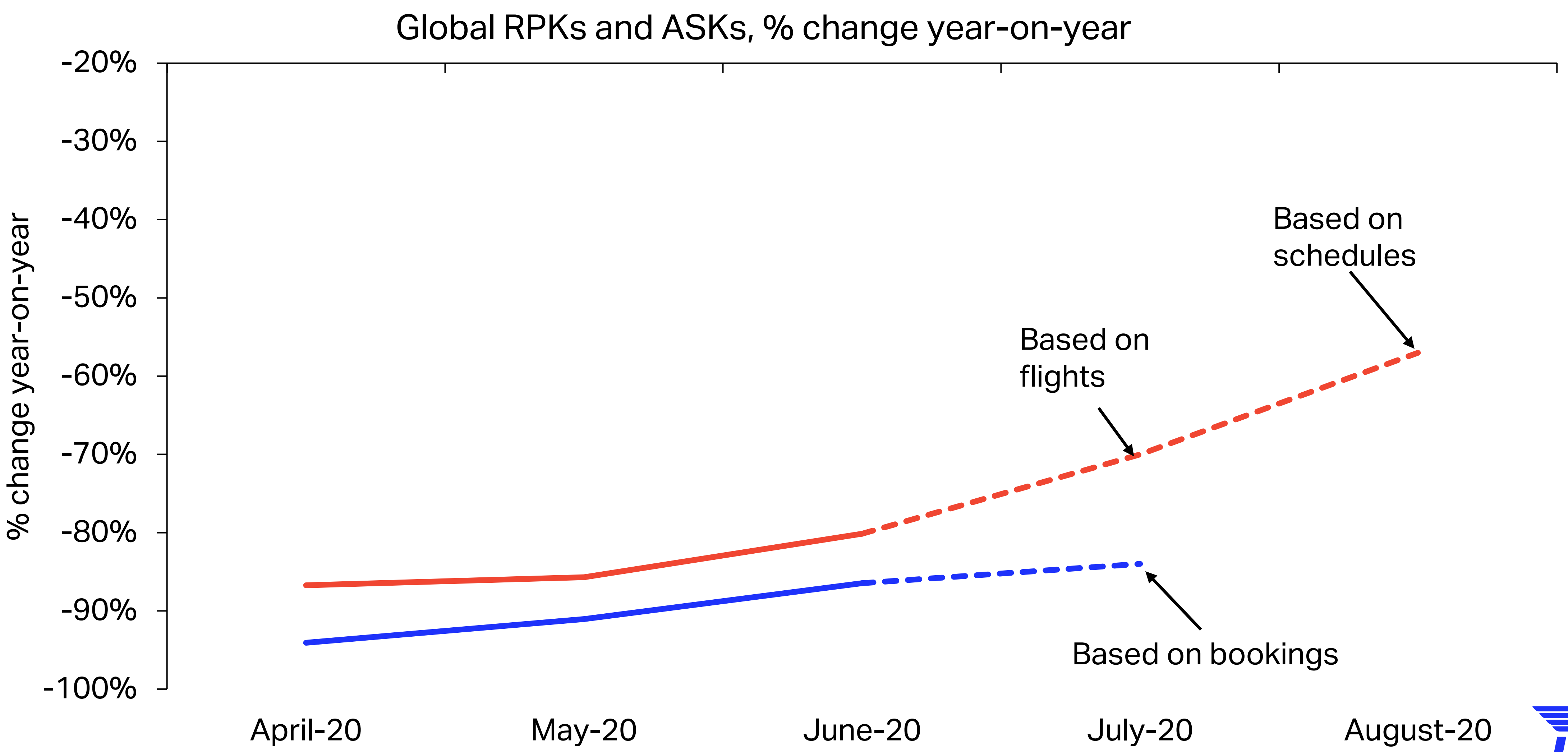
Traffic not growing as fast as airlines adding capacity

Cash burn continuing as load factors still below breakeven



Source: IATA Economics using data from IATA Statistics

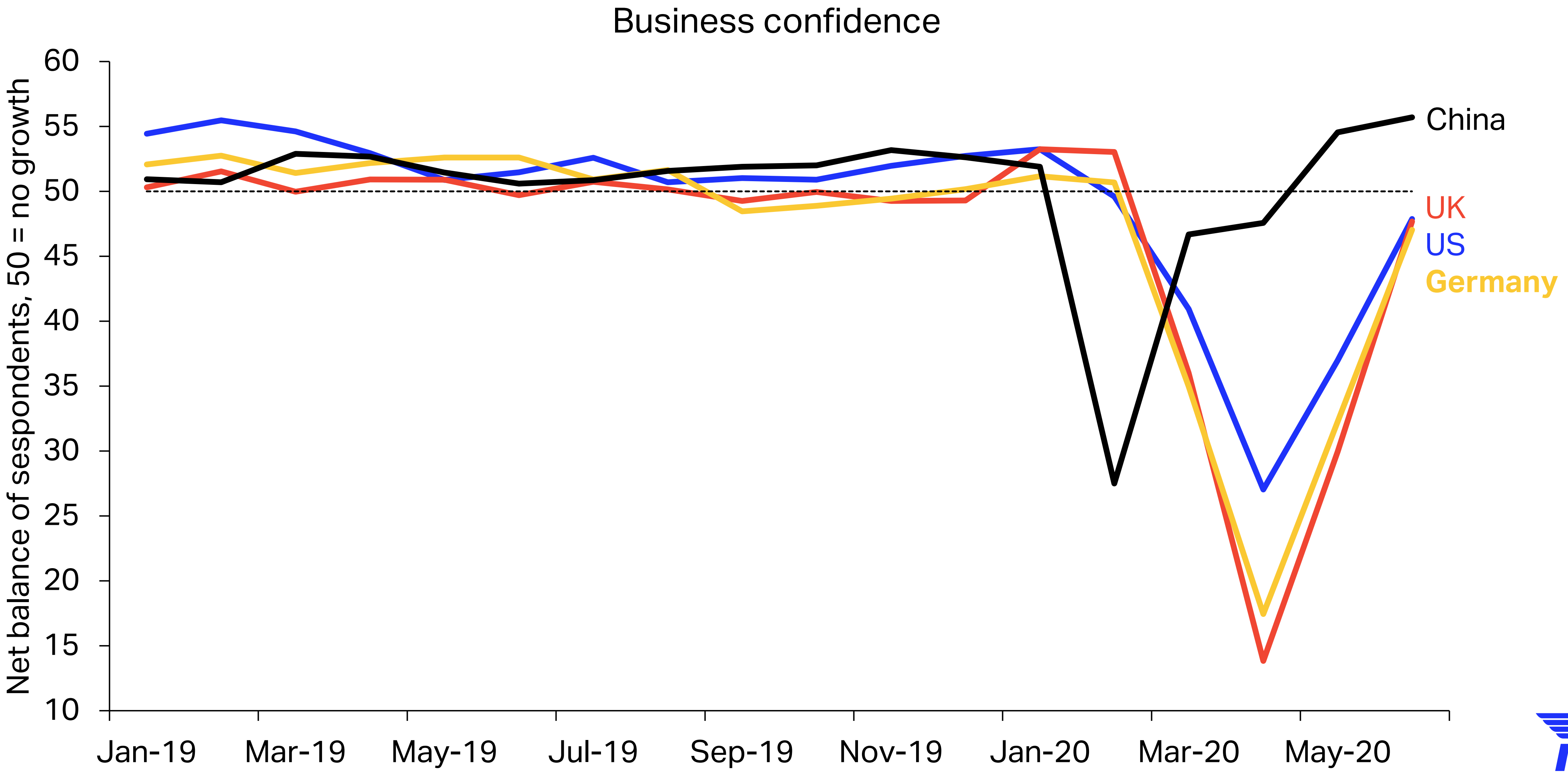
Unexpectedly weak demand a growing restart problem
Airline flights and schedules show faster rebound expected



Source: IATA Economics using data from IATA Statistics, DDS, FR24 and SRS Analyser

Businesses are confident GDP growth will rise sharply

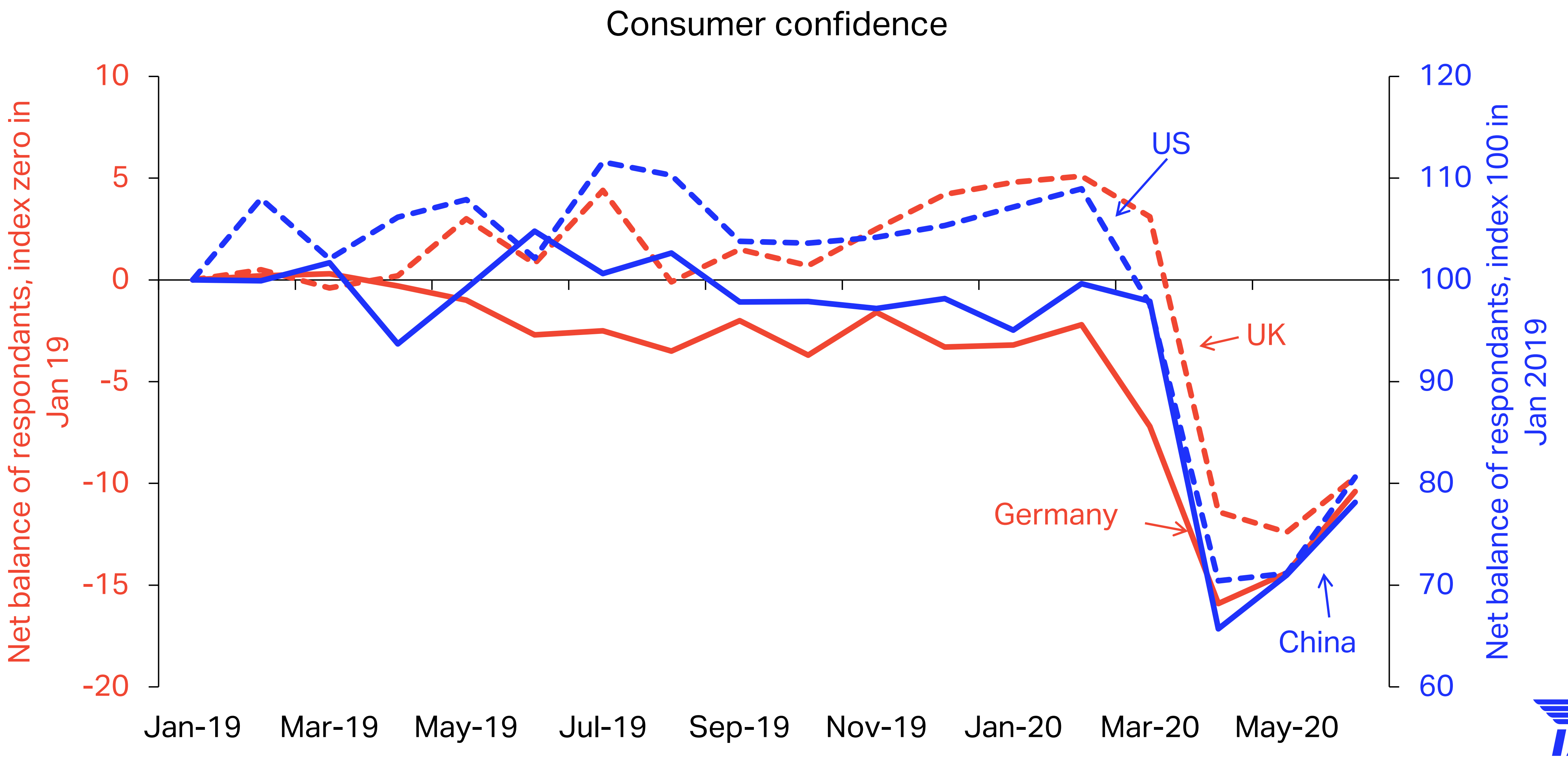
But business travel on hold so this will not be an immediate boost



Source: IATA Economics using data from Markit

Consumer confidence remains much weaker

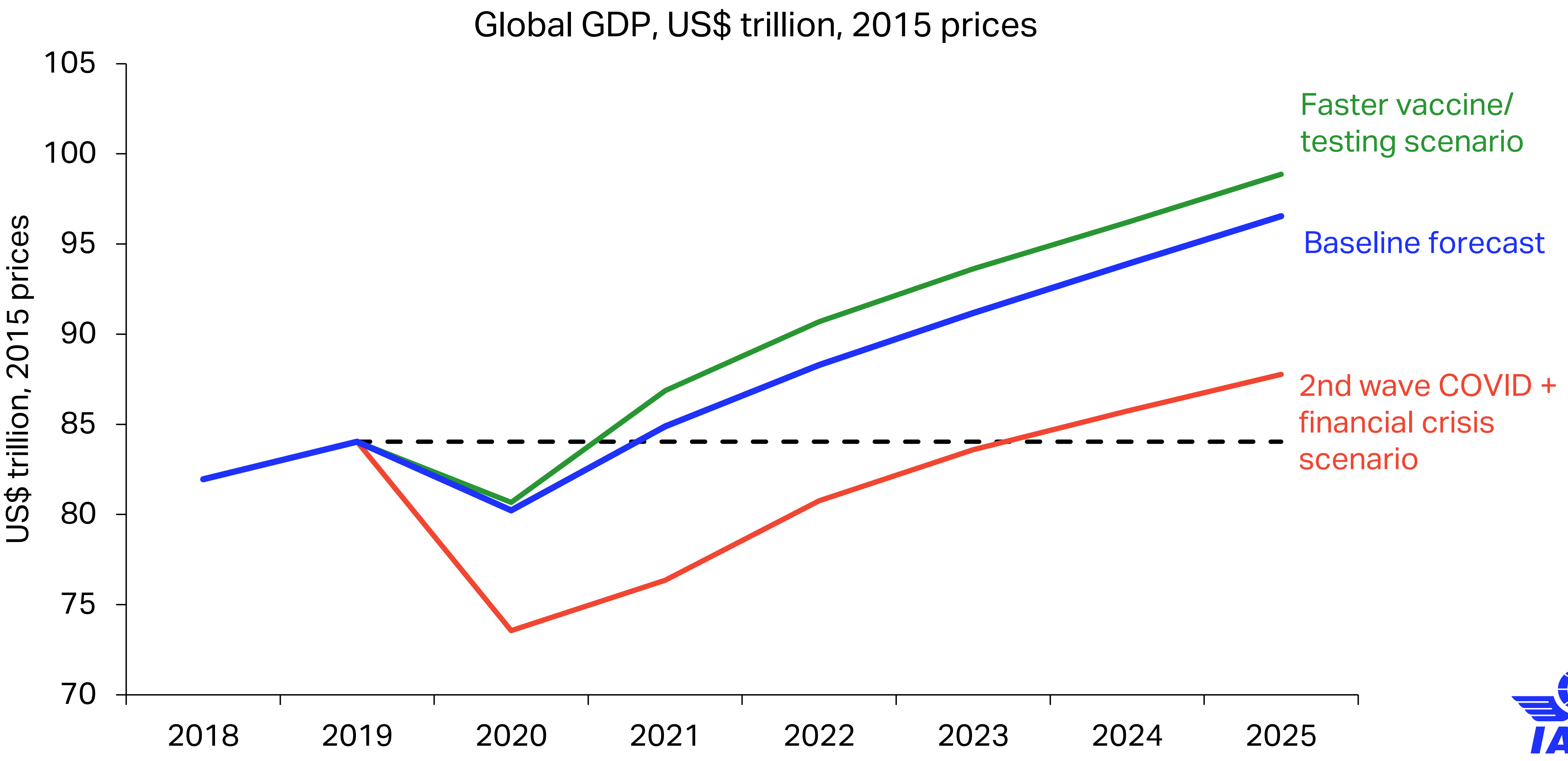
Leisure travel unlikely to recovery without confidence restored



Source: IATA Economics using data from IATA Statistics

The outlook for global GDP could take different paths

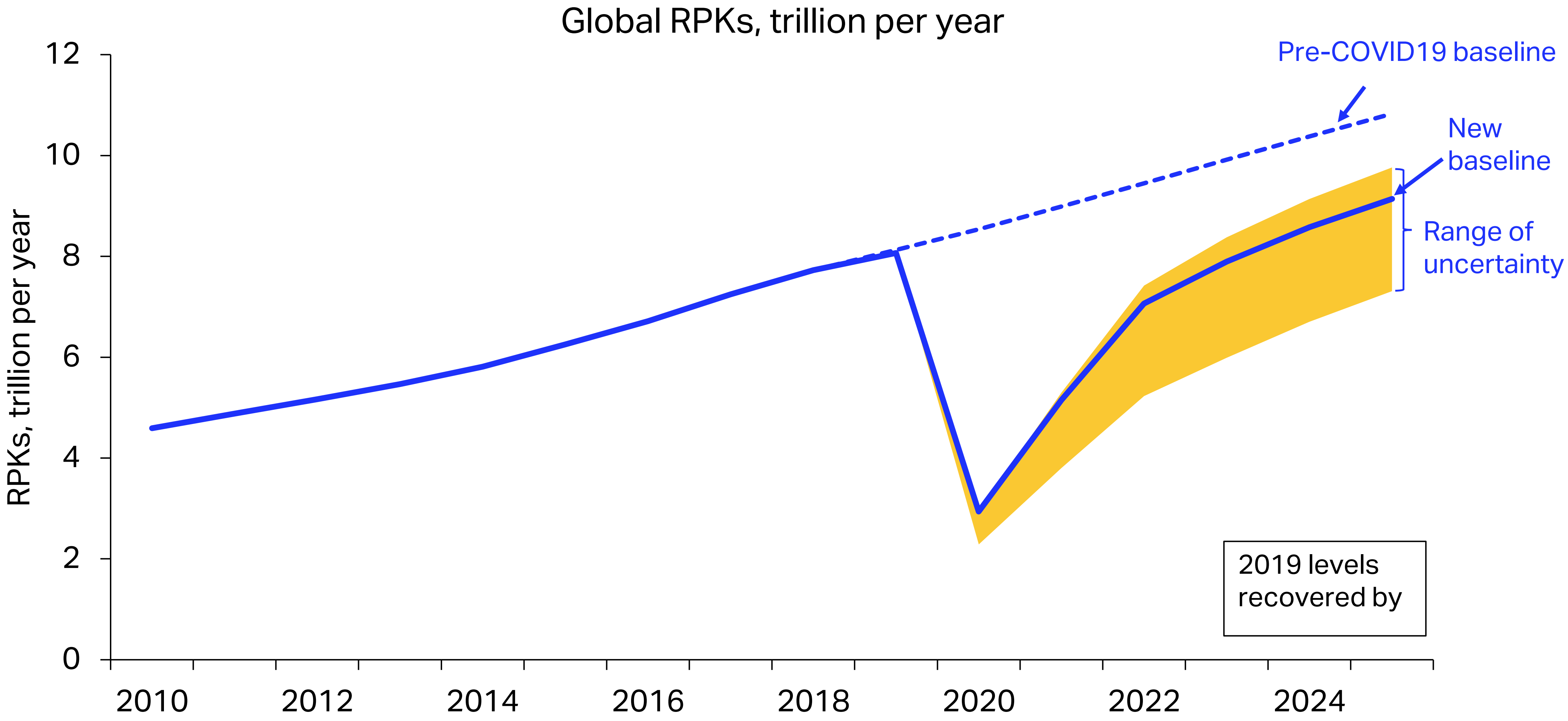
We've explored optimistic and a pessimistic scenarios for the economy



Source: IATA Economics using data from Oxford Economics Q2 Global Scenarios Service

RPK forecasts downgraded; 2019 regained only by 2024

75% growth now forecast for 2021 but RPKs still 36% below 2019 levels



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

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