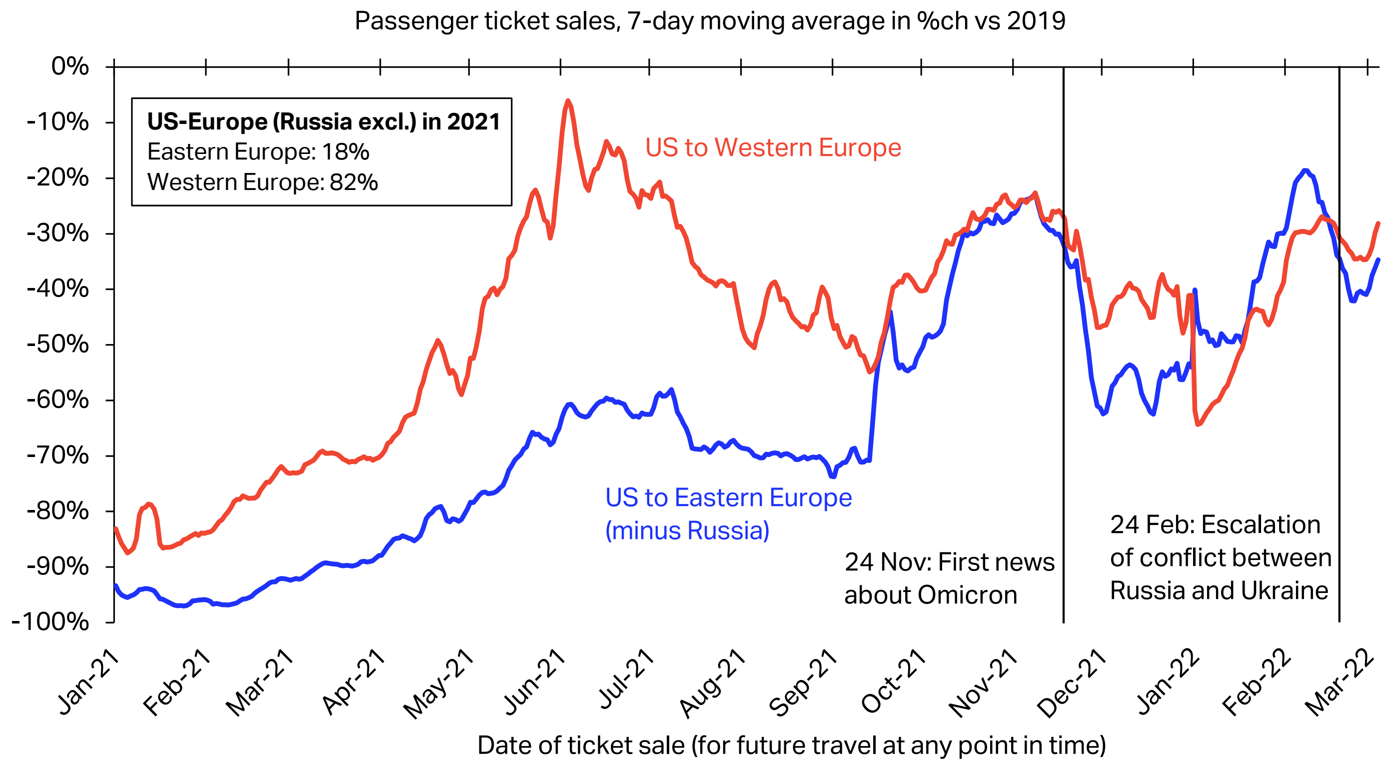
IATA Economics' Chart of the Week

18 March 2022

Ticket sales for US to Europe travel highlight resilient confidence



Source: IATA Economics using DDS ticketing data (10 Mar 2022)

- There have been recent news reports of a fall in confidence of travelers from North America planning to visit Europe, following the escalation and ramifications of the conflict between Russia and Ukraine.
- Indeed, tickets sold 15-20 February 2022 for travel from the US to Europe (Russia excluded) at any point in the future were down 27% compared to the same period in 2019. They then fell to 35% below 2019 levels during the first week of March (peak-to-trough). The drop in bookings to Eastern Europe started earlier and was larger than that to Western Europe, at respectively roughly 23 percentage points peak-to-trough decline versus 2019 and around 8 ppts, highlighting that uncertainty is higher closer to the conflict. The fall in ticket sales started on 15 February for Eastern Europe, which suggests the news of military maneuvers were enough to cause uncertainty prior to the start of the military conflict. Ticket sales from Canada to Europe followed similar trends (overall, a 12 ppts fall). Globally, international ticket sales also declined (a 5 ppts difference). Overall, the impact thus seen so far of the conflict on ticket sales is less dramatic than the response to the Omicron wave in late November 2021.
- Importantly, we already see a rebound in bookings from North America to Europe. This improvement is also visible in global bookings. Prior to the outbreak of war, it was clear that people and firms' willingness to travel by air was high, supported by the gradual removal of travel restrictions as health risks diminish.
- Clearly, the recovery in air travel is put under pressure by the conflict and by its associated jet fuel price rise, up 73% year-on-year so far in 2022. If history is any guide, it took 10 months for global air travel to recover after the end of the 1990-1991 Gulf War, amid weak economic growth. We still expect global traffic volumes to reach 2019 levels in 2024, with regional variations around that date.

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