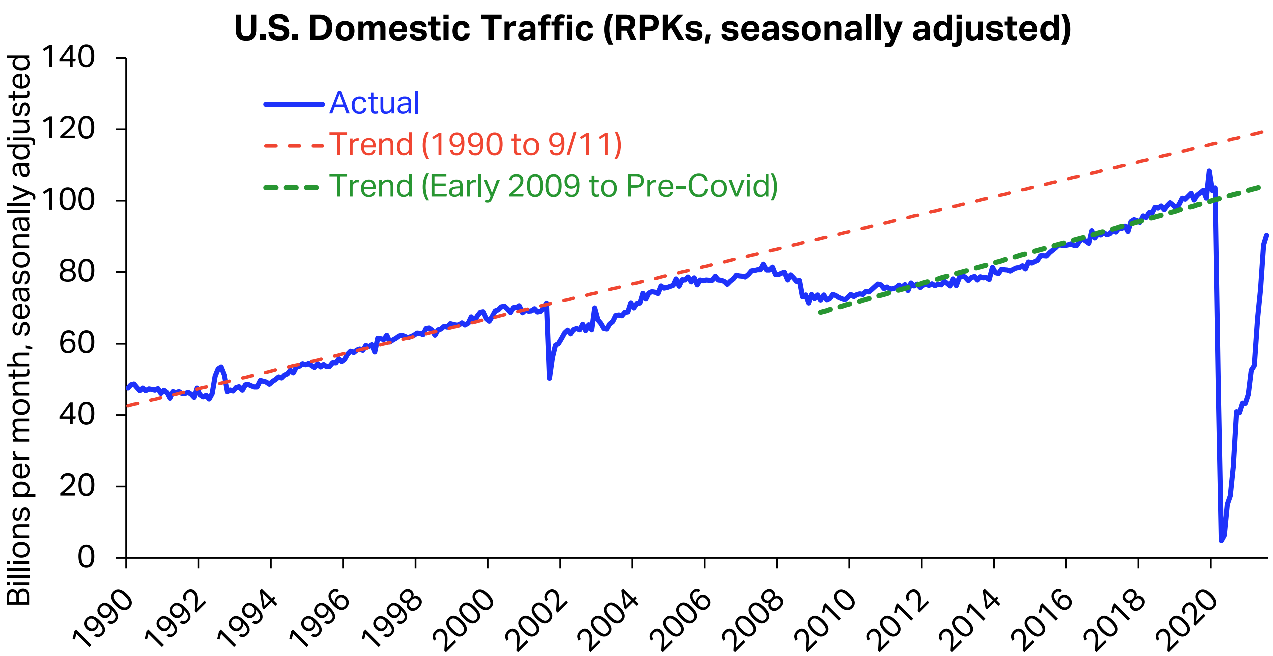
IATA Economics' Chart of the Week

10 September 2021

U.S. domestic air travel market 20 years after 9/11



Source: IATA Economics using IATA Monthly Statistics

- This week's chart looks at the impact of the 9/11 terrorist attacks on U.S. domestic travel demand and compares it with the current COVID-19 crisis. 9/11, similarly to COVID-19 pandemic, caused a temporary shutdown of aviation market. Seasonally adjusted (SA) RPKs declined by 30% month-on-month following the attacks since many travelers were hesitant to travel by air and businesses put temporary freezes on non-essential travel.
- U.S domestic RPKs had been growing at 3.9% on average annually prior to 9/11. Although U.S. domestic traffic started to rebound in a few months following the shock, SA RPKs had not returned to the trend (dotted red line) prior to 9/11. As a result of this unexpected loss in demand, U.S. passenger airlines posted an $8.0bn net loss in 2001.
- 9/11 had been the largest shock for the U.S. domestic market up until COVID-19 crisis. Initial impact of pandemic was more than three times larger than that of 9/11, with SA monthly RPKs falling by 95% during the first lockdown period in 2020. However, similar to the previous shocks, traffic rebounded quickly. As of July 2021, SA monthly RPKs reached 87% of their level prior to the pandemic. U.S. passenger airlines lost $35.1bn in 2020. However, stringent cost-cutting measures and strength in domestic traffic has been supportive for U.S. airlines in 2021 as several of them have started to report free positive cash flow in 2Q2021.

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