Industry Outlook: Air Transport in an Uncertain Future

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The world economy has been resilient...

Global GDP, year-on-year %, 1961 - 2021

Source: World Bank

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Turbulent times

• Low and falling unemployment
• Easing and lifting of travel restrictions
• Willingness to travel
• Cargo

• Rising inflation
• Debt burden and cost
• Labor costs
• Energy costs
• Climate change costs
• Geopolitical conflict
Slowdown is expected to continue in 2023

Source: IMF World Economic Outlook projections – July 2022
Low and falling unemployment

Change in unemployment rate for selected OECD countries between Feb and Apr 2022

Source: OECD
Our industry
The greatest shock to aviation in its history

Global RPKs, with pre-pandemic (red) and current forecasts (blue), billion

- "Lost" travel between 2020 and 2022 is equivalent to 1.8 x 2019 RPKs.

- In 2040, if our current forecast is realized, traffic would still be 6% below our pre-pandemic forecast.

Source: IATA Annual airline traffic statistics, IATA Economics/Tourism Economics.

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Resilient cargo as passenger-traffic recovery goes on. CTKs stable around 2019 levels, domestic RPKs now on an upward trend.

CTKs and RPKs, % ch. vs. the same month in 2019

-80% -60% -40% -20% 0% 20% 40% 60% 80% 100%

July 2022 versus July 2019

CTKs and RPKs, % ch. vs. the same month in 2019

Source: IATA Statistics
Strong recovery for major domestic markets
V-shape recovery for China since May 2022

Seasonally adjusted domestic RPKs (indexed to 100 in Jan 2020)

Source: IATA Statistics
International traffic on the rise
Asia Pacific lags, as uneven travel restrictions remain in the region

Seasonally adjusted international RPKs YoY% change v2019

Source: IATA Statistics
Challenging passenger demand surge amid wider recovery

Bookings by purchase date, as a share of 2019 levels
For travel between Jan 1st and Aug 31st

Source: IATA Economics, DDS
In July 2022, cargo supply remains an upward trend despite a slight decline in demand

Source: IATA Economics
Cargo Industry Load Factor Historically

Industry-wide cargo load factor surged during the pandemic while now back to the pre-covid level
Cargo outcomes divergent across regions
European carriers impacted by the war, remarkable performance in Latin America

Seasonally adjusted international CTKs (indexed, 100 in Jan 2020)

Source: IATA Economics
Air cargo prices still competitive
Relative air and maritime cargo rates favor air cargo

Ratio of chargeable weight rates per kg for air cargo and container

Source: IATA CargoIS, FBX Global Index

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However, cargo yields started to divert from load factor since July 2021

Sources: IATA CargoIS, IATA Monthly Statistics
The U.S. – China relationship shadows air cargo growth between the two countries

CTKs from the U.S. to China versus from the U.S. to the rest of the world
(% change vs same period in 2019)

Sources: IATA CargoIS
Pressures on operating costs remain
Brent averaged USD 106.7/bbl in July, crack spread still unusually wide

Jet Fuel & Crude Oil Price ($/barrel)

Source: S&P Global, Refinitiv Eikon
Financial performance improves to – USD 9.7bn
Highlighting the resilience of the industry

Source: IATA Economics.

Global commercial airline industry net profit & operating margin

Operating profit margin (right axis)
Net post-tax profit (left axis)

USD bn


Source: IATA Economics.
Forward bookings give a positive outlook
Domestic steadying, international accelerating

Forward bookings, %change versus the same day in 2019, 7-day average

Source: IATA Economics, DDS
Asia Pacific will lag other regions in recovery. North America is expected to recover in 2023, with an industry-wide recovery occurring in 2024. The graph depicts regional passenger recovery indexed to 2019, with projections from 2020 to 2025. The data is sourced from IATA Economics and Tourism Economics.
Thank you!

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