

# Air Passenger Forecasts: Will air travel take-off again in 2021?

**David Goodger**

Managing Director, EMEA

Tourism Economics

[dgoodger@oxfordeconomics.com](mailto:dgoodger@oxfordeconomics.com)

**Brian Pearce**

Chief Economist

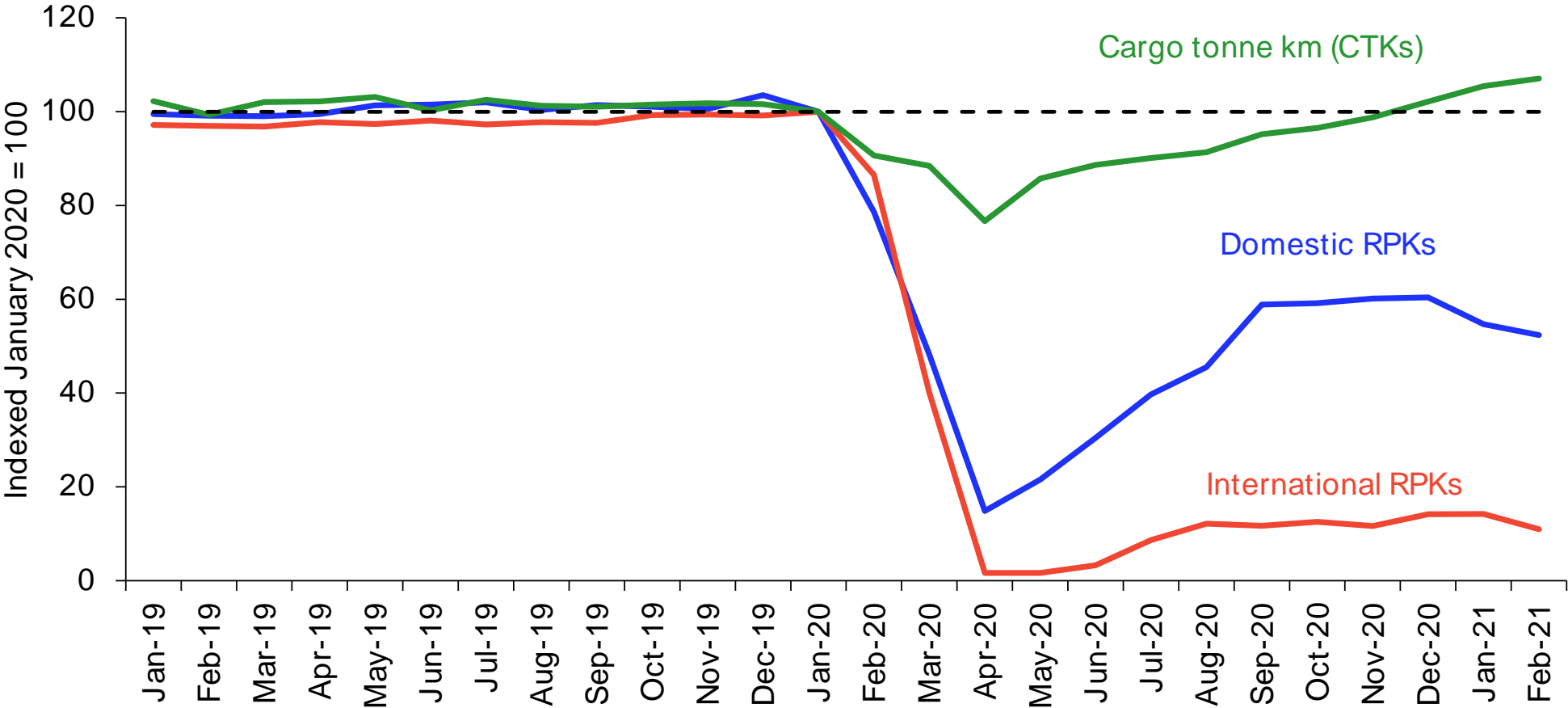
IATA

[pearceb@iata.org](mailto:pearceb@iata.org)

# Weak start to 2021 for global air travel (measured by RPK)

## International air travel 89% down, domestic also falling (due to China)

Cargo tonne km (CTK) and passenger km (RPK), Jan 2020 = 100

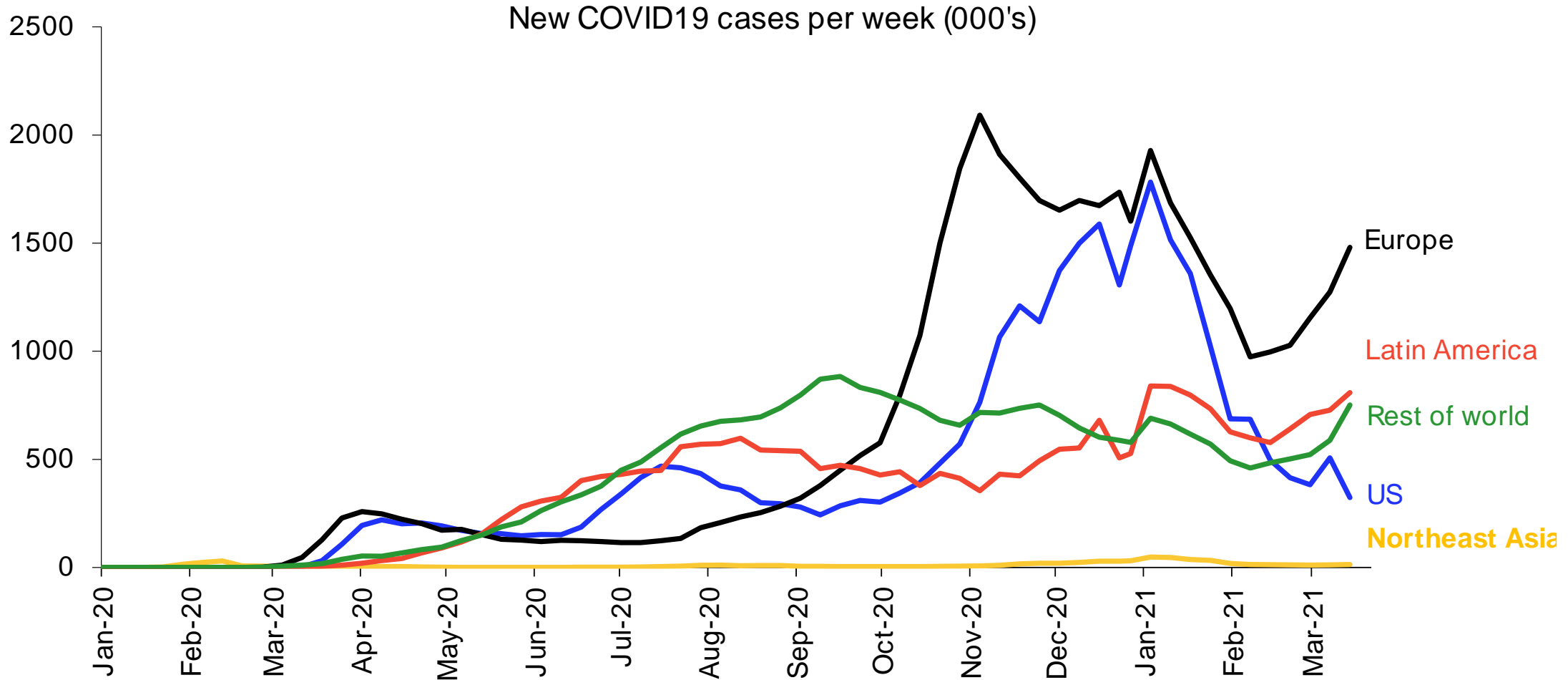


Source: IATA Economics using data from IATA Monthly Statistics. Data is adjusted for seasonality.

Questions: Use the question panel

# Virus control deteriorated ahead of wide vaccination

## Virus variants difficult to control leading to even tighter travel rules



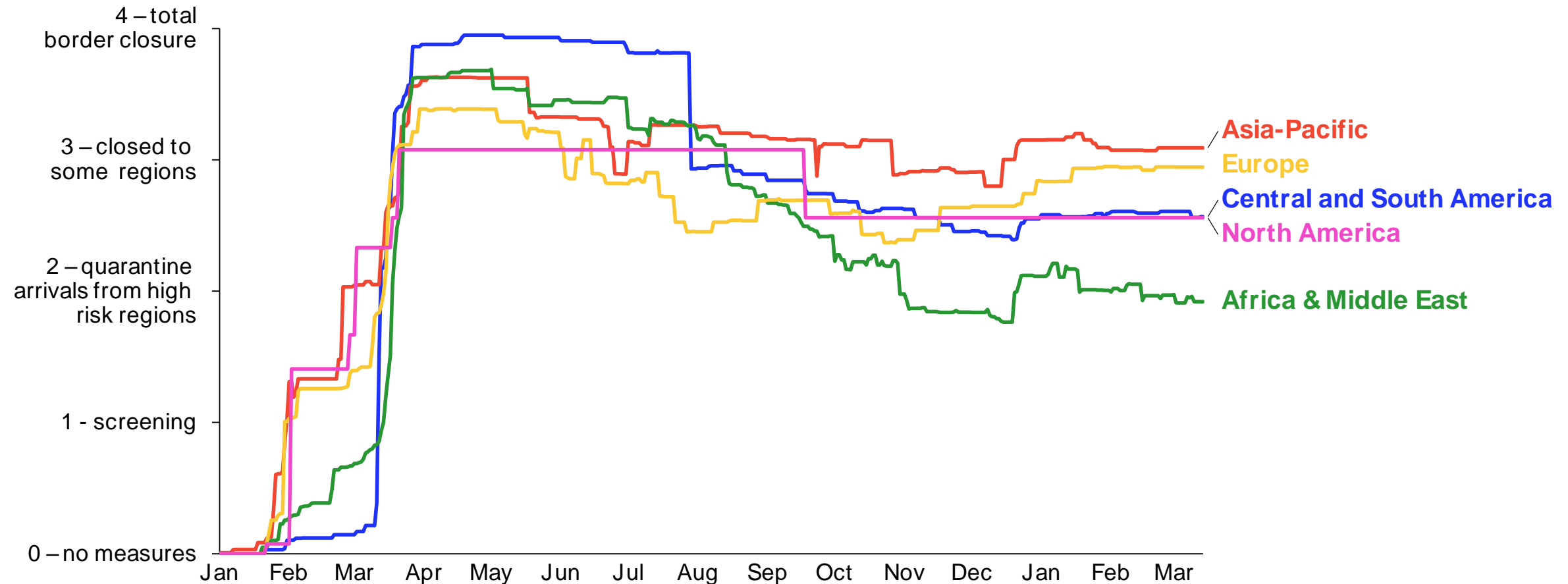
Source: IATA Economics using data from the ECDC

Questions: Use the question panel

# International travel restrictions remain high

## Most international air travel markets are at less than 15% of 2019 RPKs

International travel stringency index weighted by population (Jan 2020-March 2021)

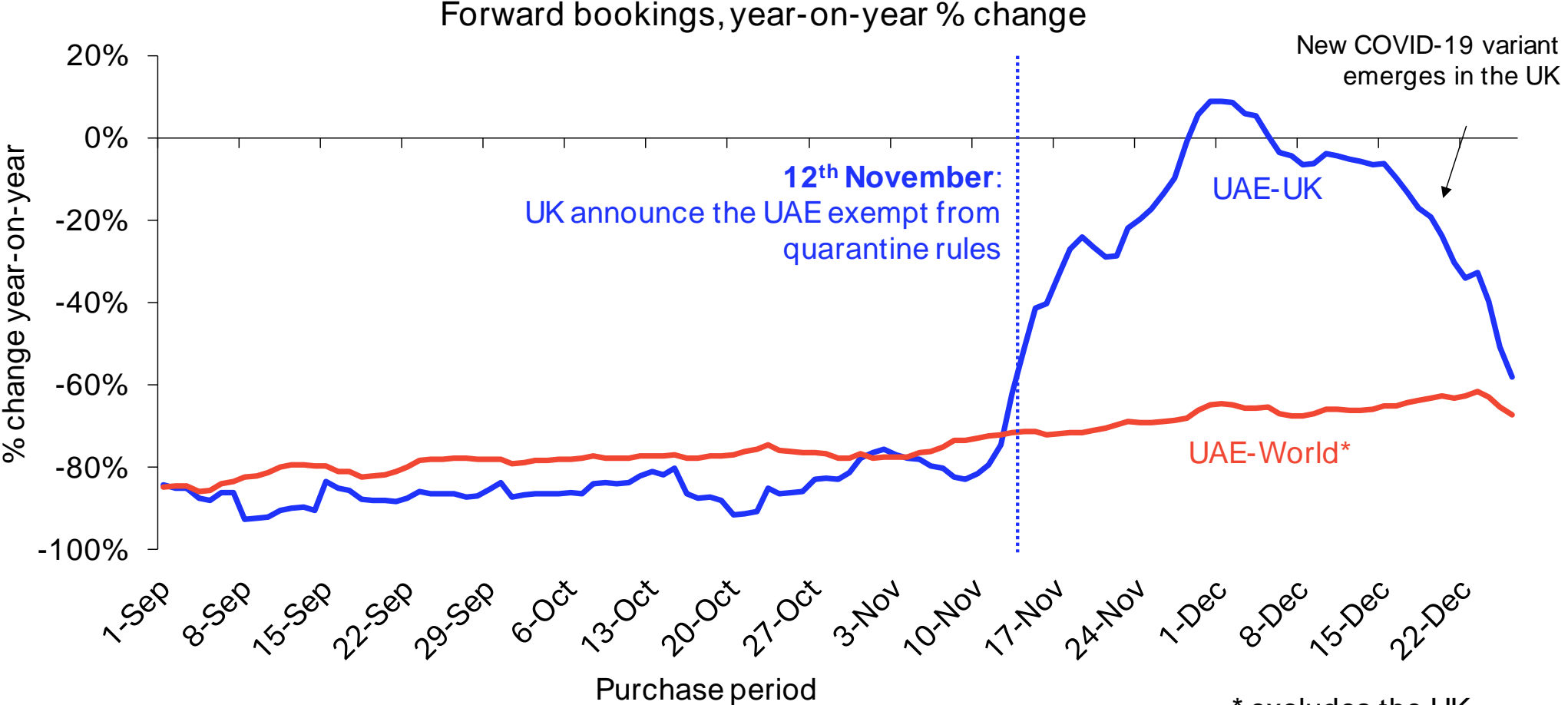


Source: IATA Economics analysis based on Oxford University data

Questions: Use the question panel

# We know that there is substantial pent-up demand

## Whenever travel restrictions are eased leisure/VFR demand surges



Source: IATA Economics using data from DDS

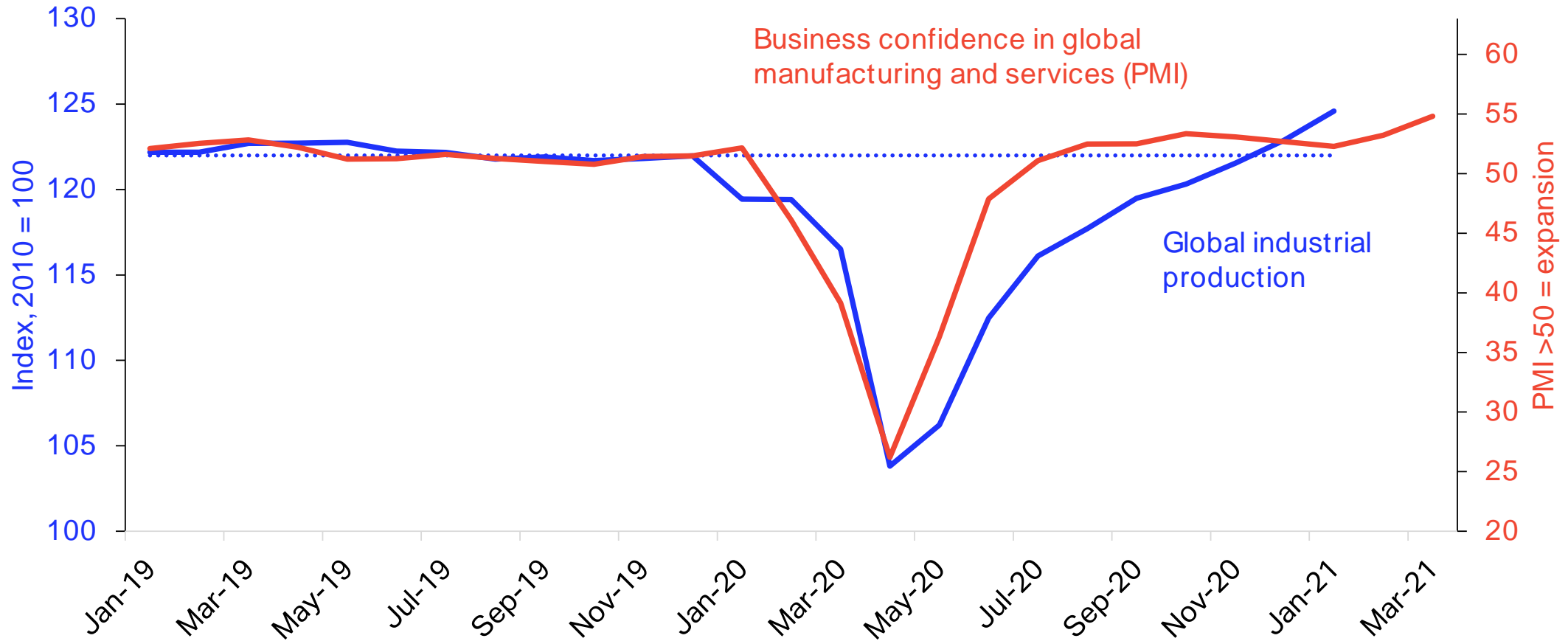
Questions: Use the question panel



# Pent-up travel demand stoked by strong economy

## Travel rules prevent international travel but domestic should rebound

Global industry production and business confidence

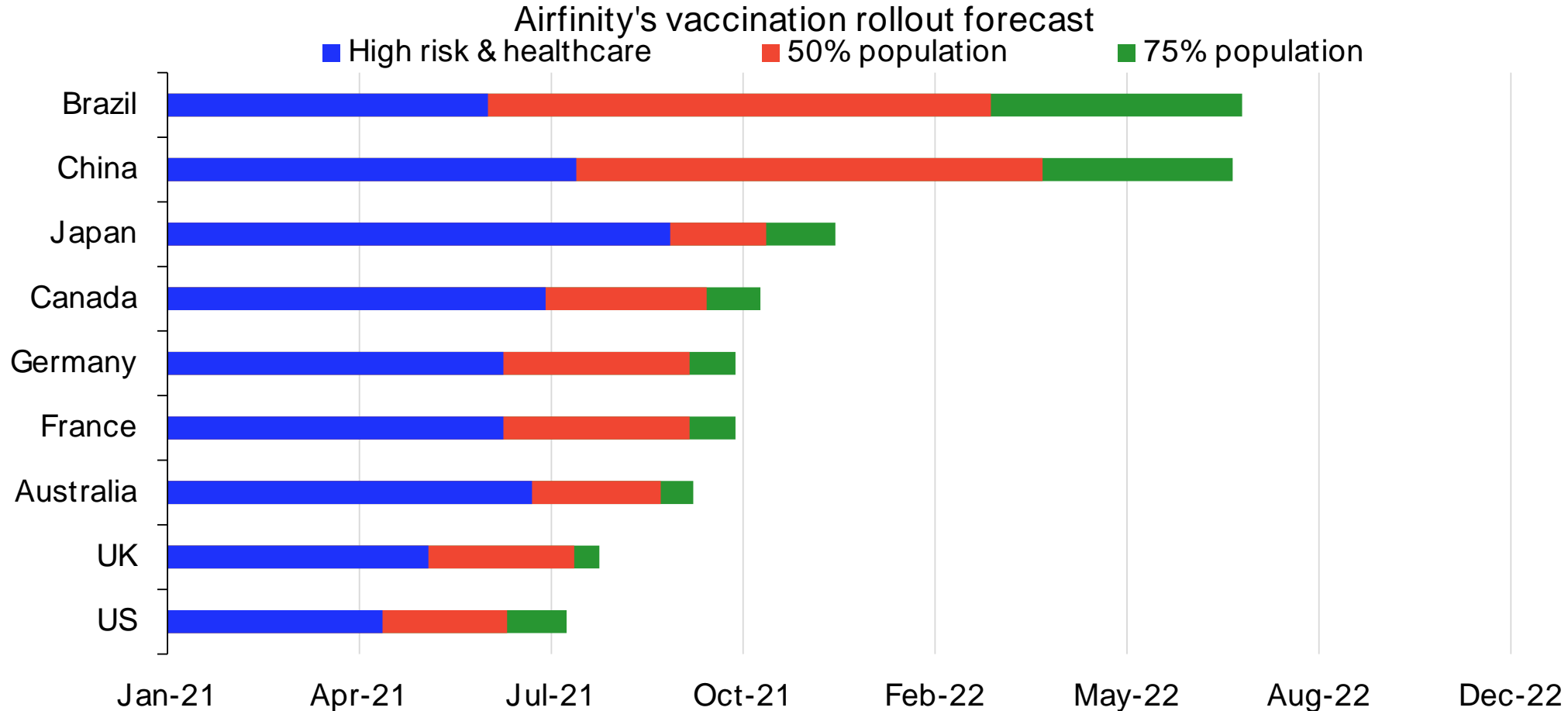


Source: IATA Economics using data from Markit and Netherlands CPB

Questions: Use the question panel

# Vaccine rollout should allow some markets to open in H2

## Widespread vaccination has not been as rapid as expected in December



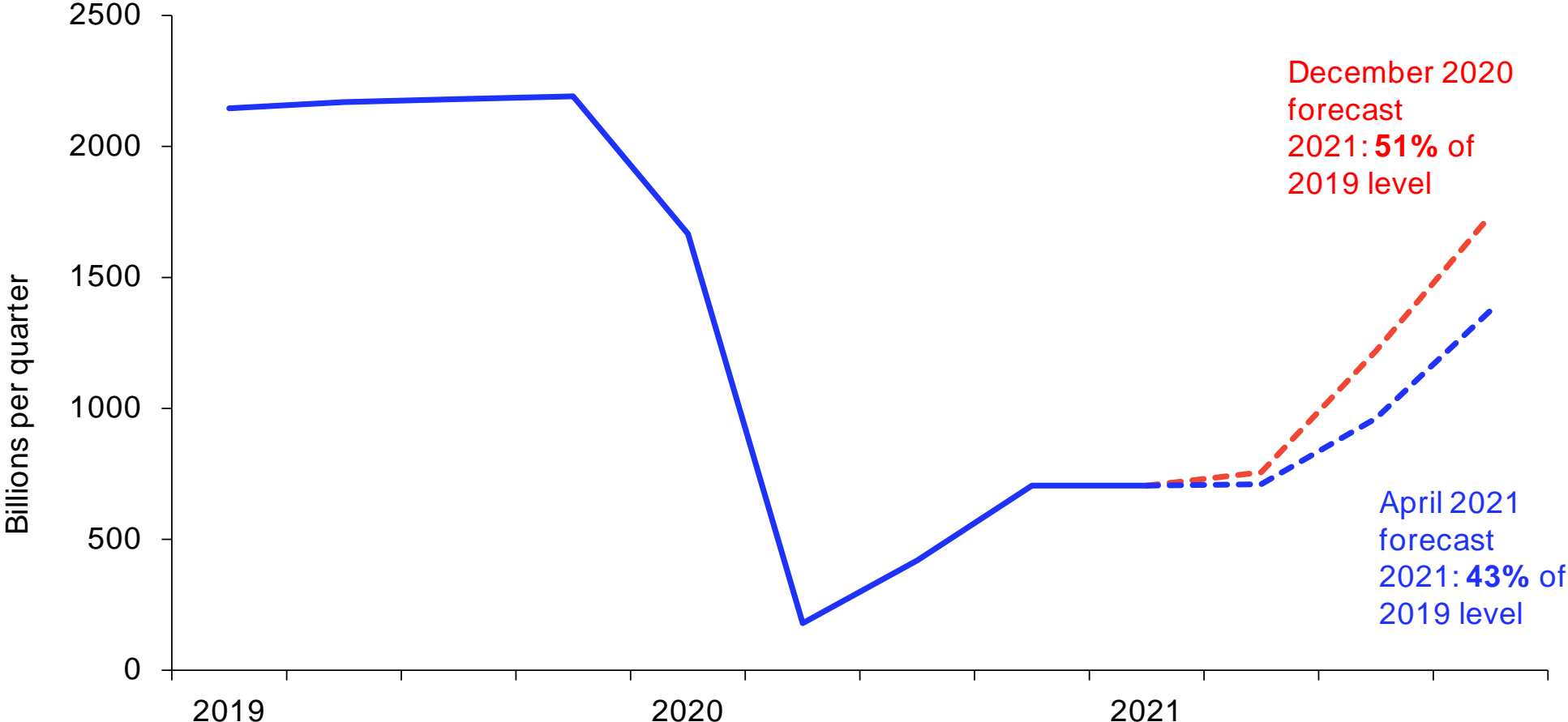
Source: IATA Economics using forecasts from Airfinity Science Tracker <https://science.airfinity.com/covid-19-science-macro> as of 9 Apr 2021

Questions: Use the question panel

# Outlook for 2021 2<sup>nd</sup> half not as strong as in December

## Delays to vaccination and government risk aversion limits market opening

Global RPKs flown, billions per quarter



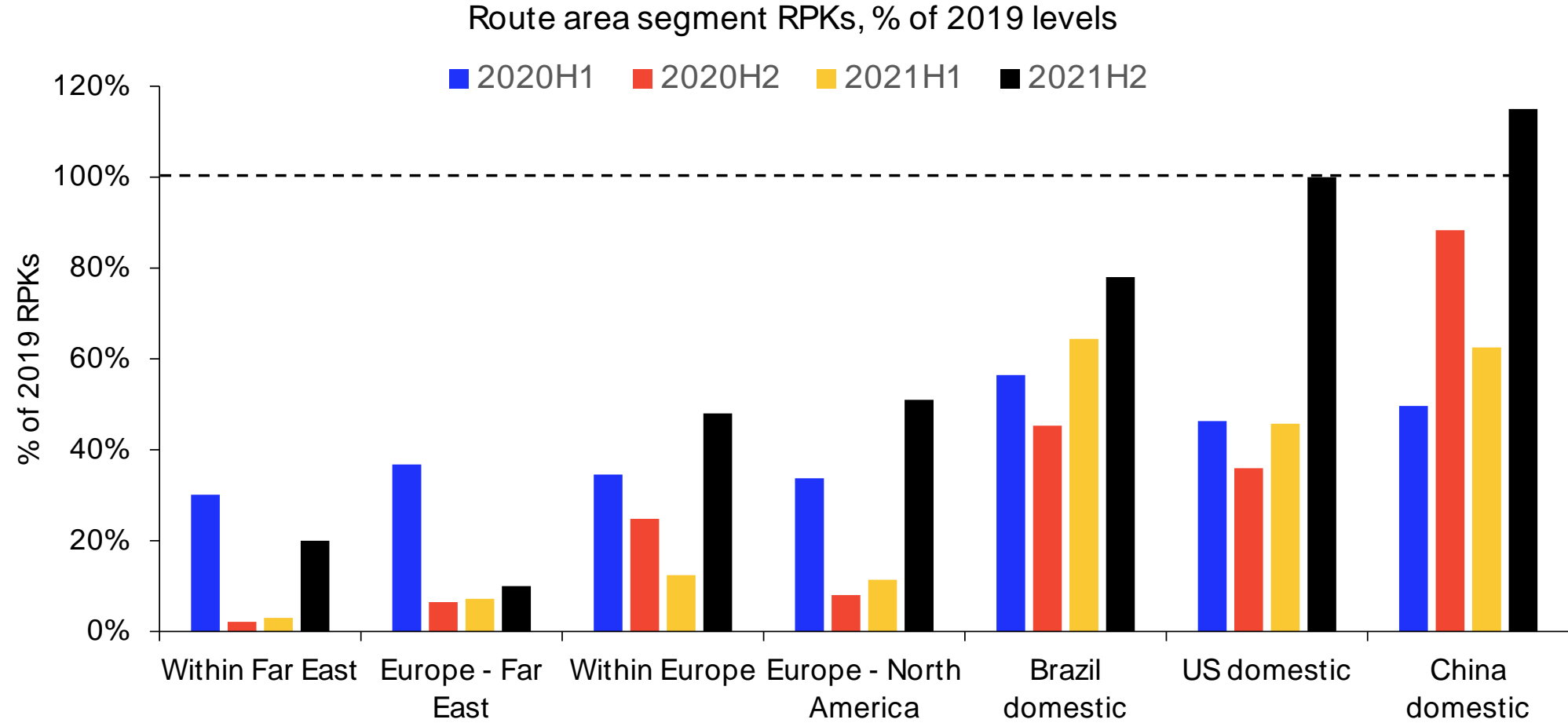
Source: IATA Economics Airline Industry Financial Forecast update, April 2021. Data is seasonally adjusted.

Questions: Use the question panel



# Strong 2<sup>nd</sup> half in domestic markets, international weak

## International RPK only 34% of 2019 by 2021H2, but domestic back to 96%

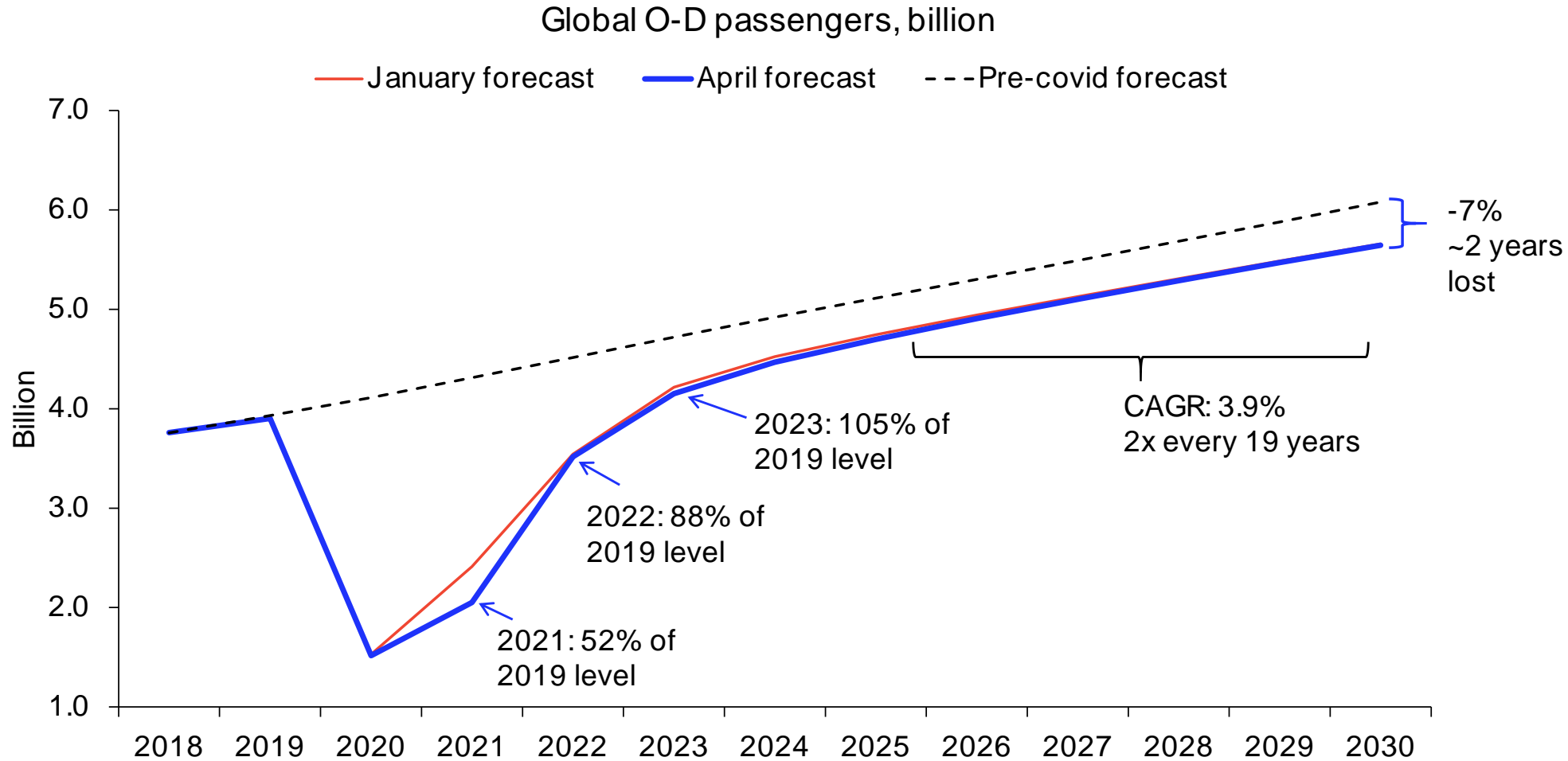


Source: IATA Economics Airline Industry Financial Forecast update, April 2021

Questions: Use the question panel

# Slow start to global air travel recovery but strong 2022/3

## Global O-D passenger numbers exceed 2019 levels by 2023

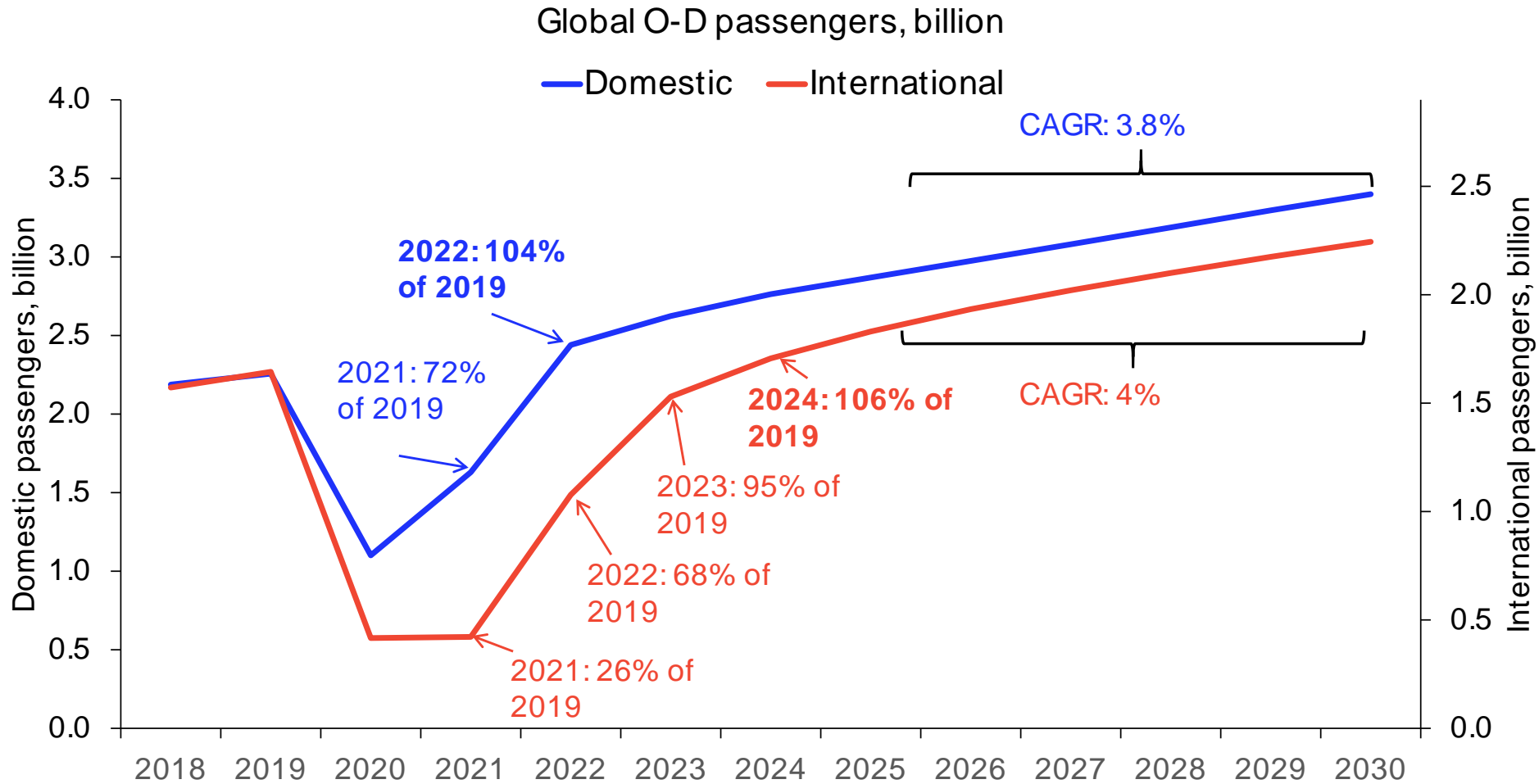


Source: IATA Economics using data from Tourism Economic/IATA Air Passenger Forecast, April 2021.

Questions: Use the question panel

# Rapid recovery in domestic air travel, unlike international

## Domestic above 2019 level by next year. International not until 2024

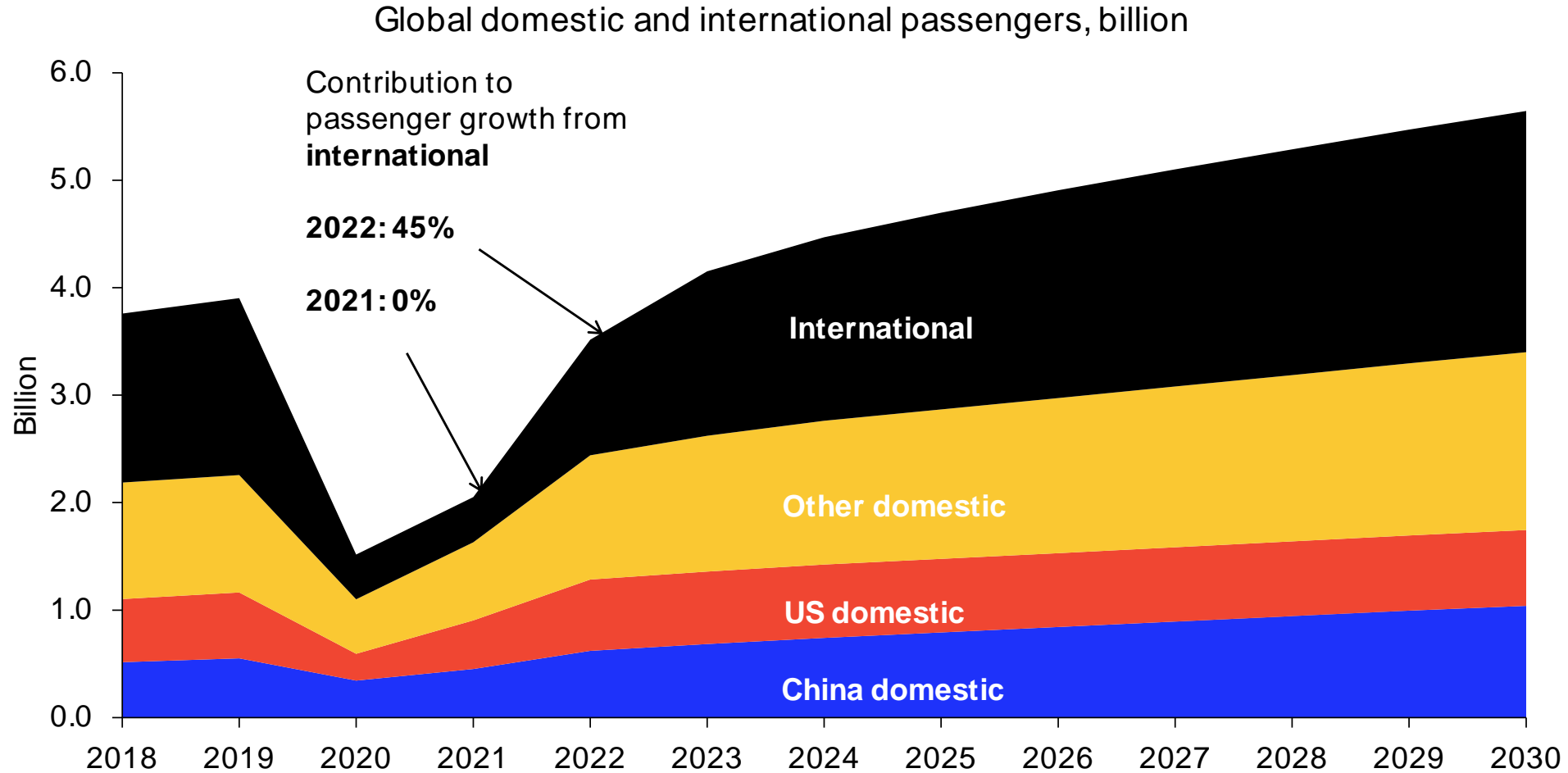


Source: IATA Economics using data from Tourism Economic/IATA Air Passenger Forecast, April 2021.

Questions: Use the question panel

# 100% travel growth in 2021 due to domestic markets

## International markets start to contribute to growth from 2022

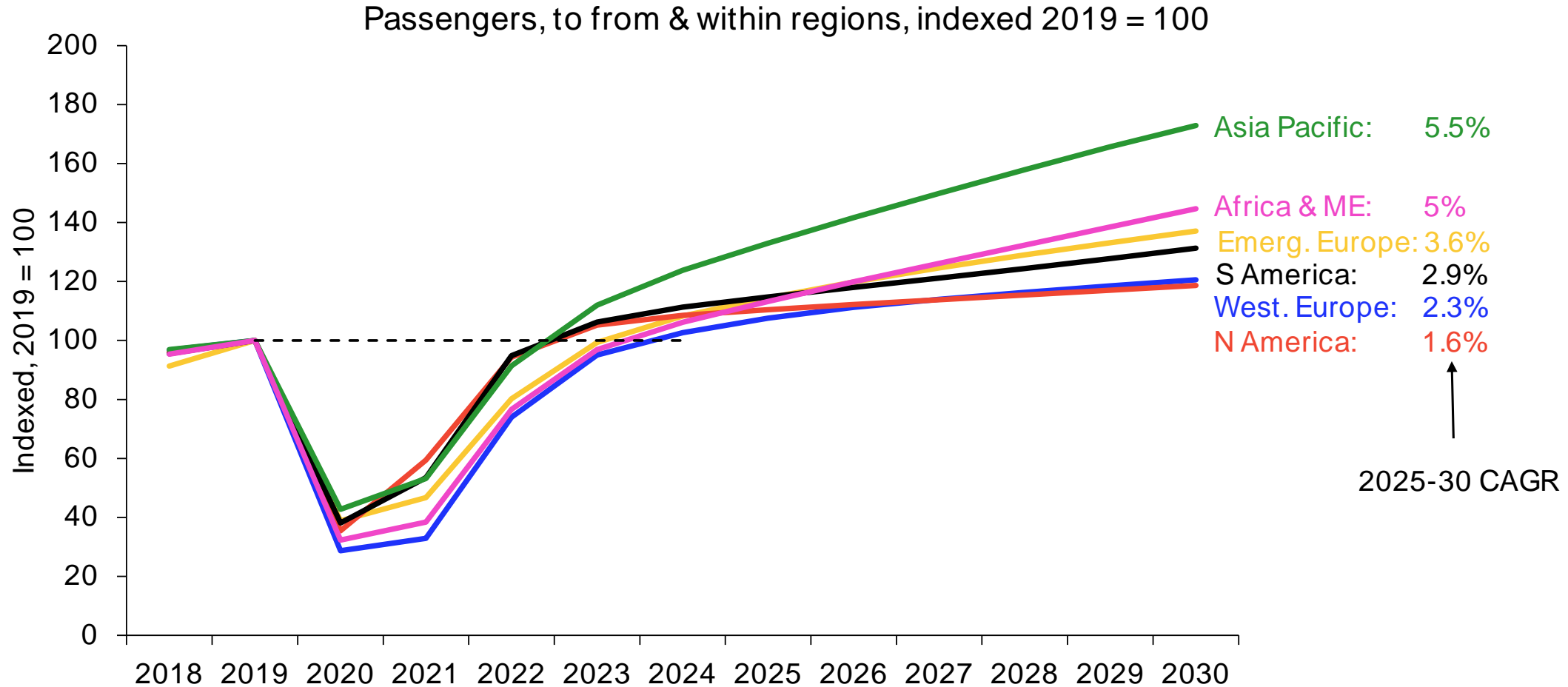


Source: IATA Economics using data from Tourism Economic/IATA Air Passenger Forecast, April 2021.

Questions: Use the question panel

# Regions with large domestic markets recover first

## European, Africa & Middle East regions lags due to international markets



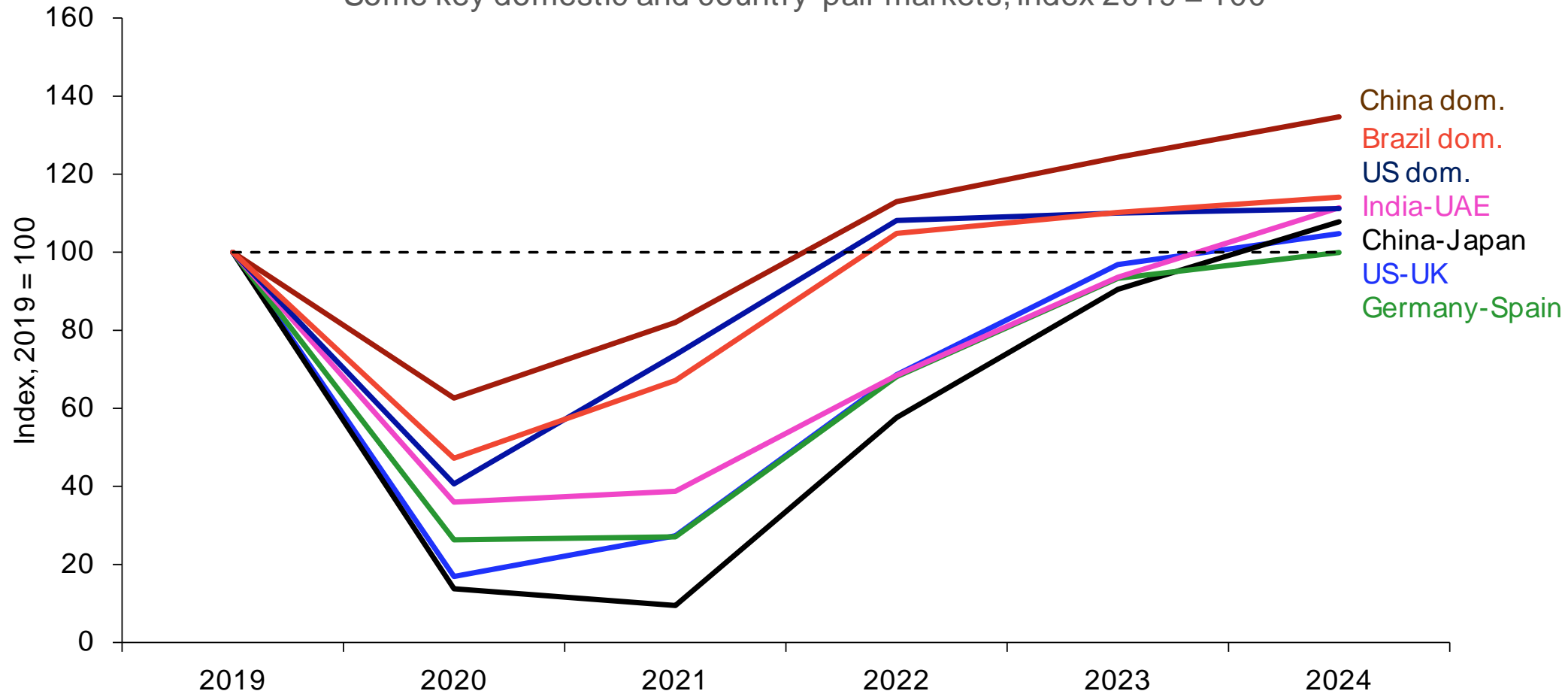
Source: IATA Economics using data from Tourism Economic/IATA Air Passenger Forecast, April 2021.

Questions: Use the question panel

# Different 2021 profiles due to vaccination & risk appetite

## US-UK opens earlier - wide vaccination. China-Japan down - risk aversion

Some key domestic and country-pair markets, index 2019 = 100

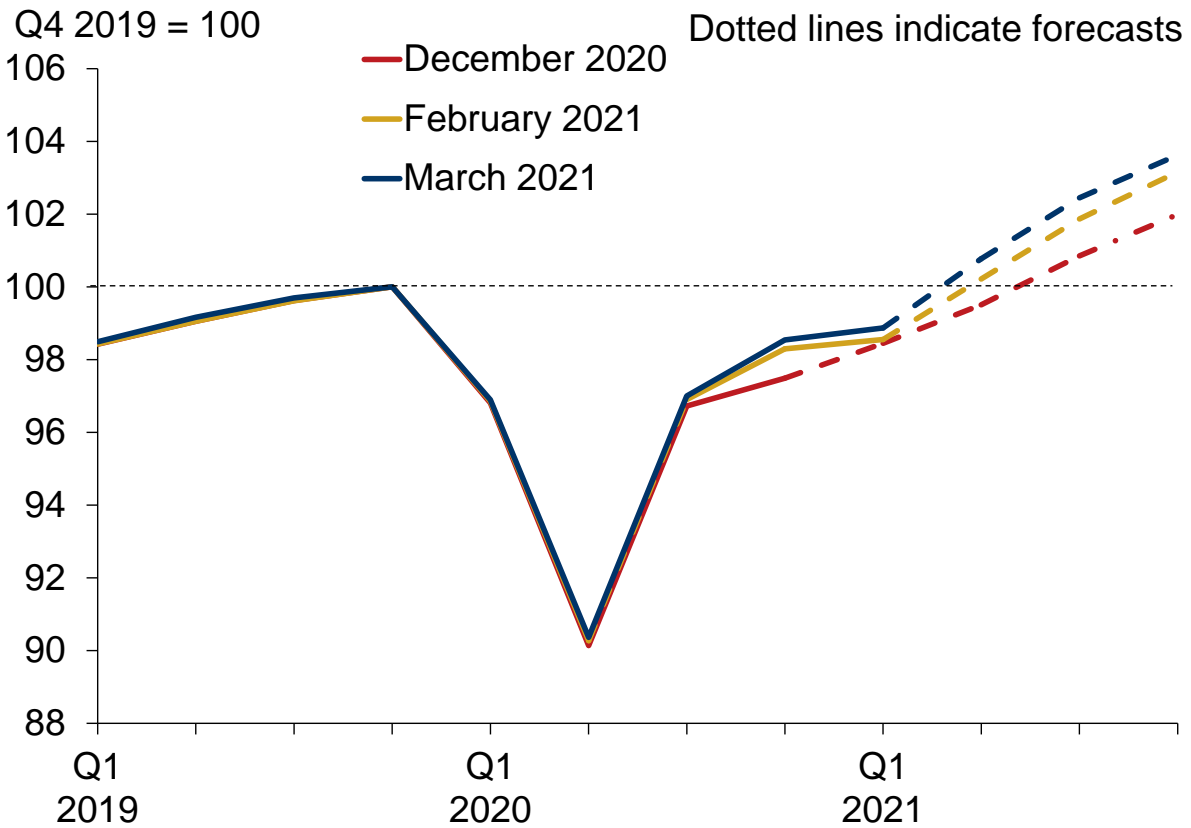


Source: IATA Economics using data from Tourism Economic/IATA Air Passenger Forecast, April 2021.

Questions: Use the question panel

# We have become more optimistic regarding the global economic outlook

## World GDP

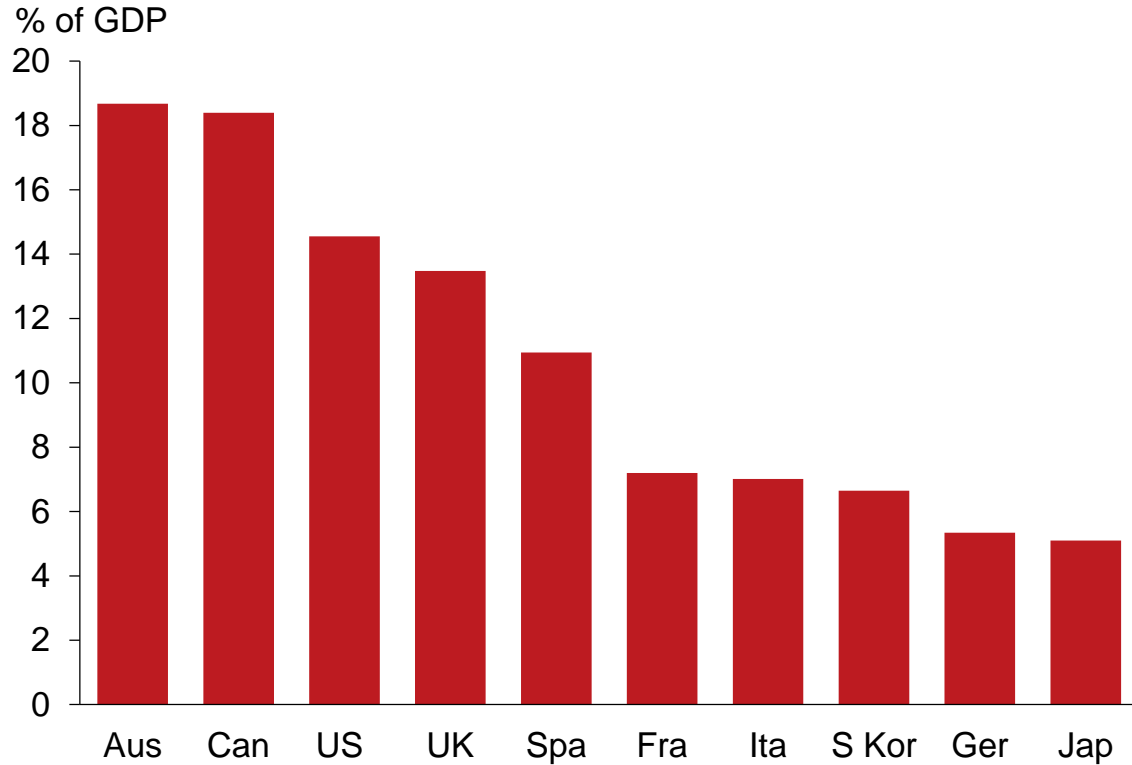


Source : Oxford Economics/Haver Analytics

Questions: Use the question panel

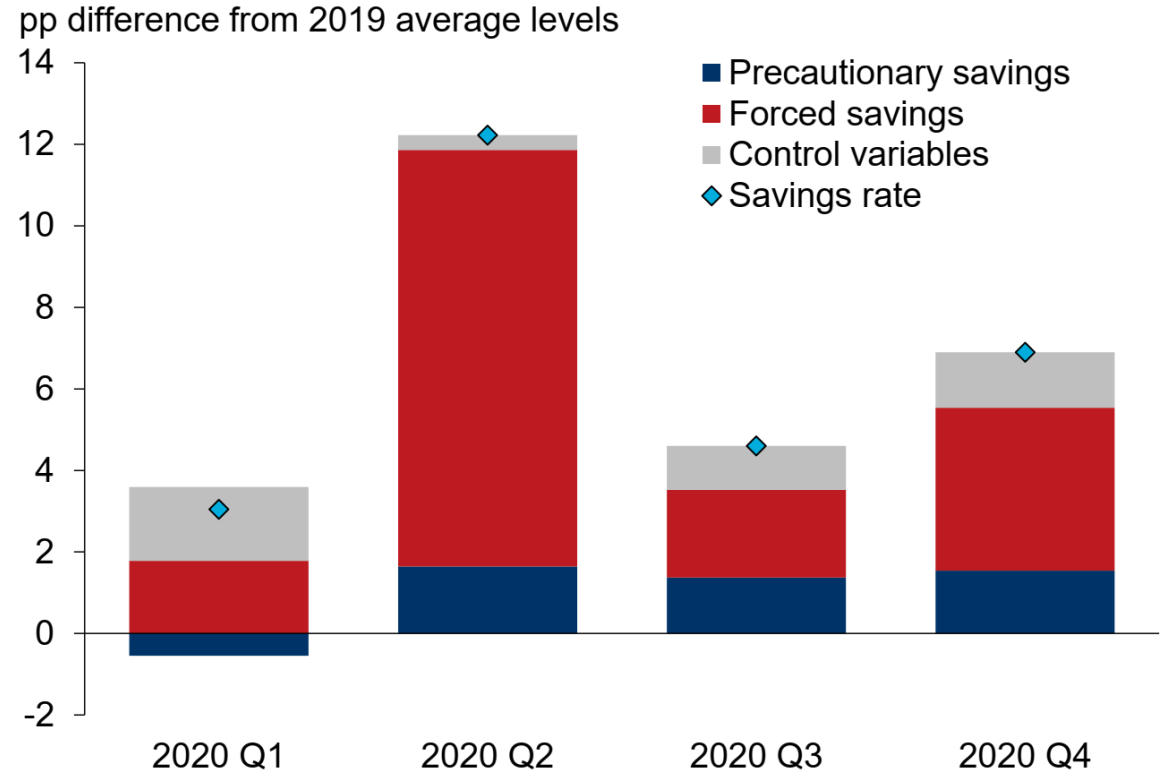
# Massive cash stash for households will fuel the economic surge

## Stock of excess accumulated savings in 2020



Source : Oxford Economics/Haver Analytics

## Eurozone: Changes in savings rate



Source: Oxford Economics/Haver Analytics

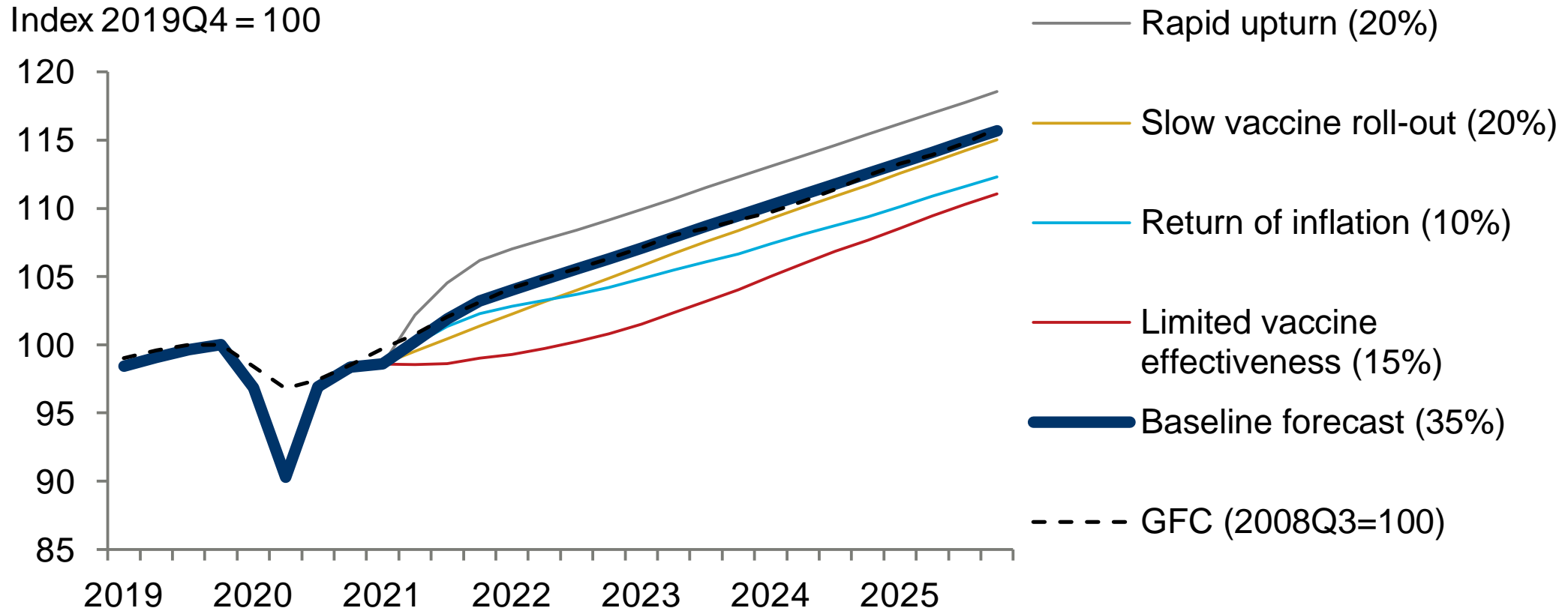
Questions: Use the question panel



# Uncertainty is related to vaccine effectiveness and confidence

## World GDP: distribution of potential scenarios

Index 2019Q4 = 100



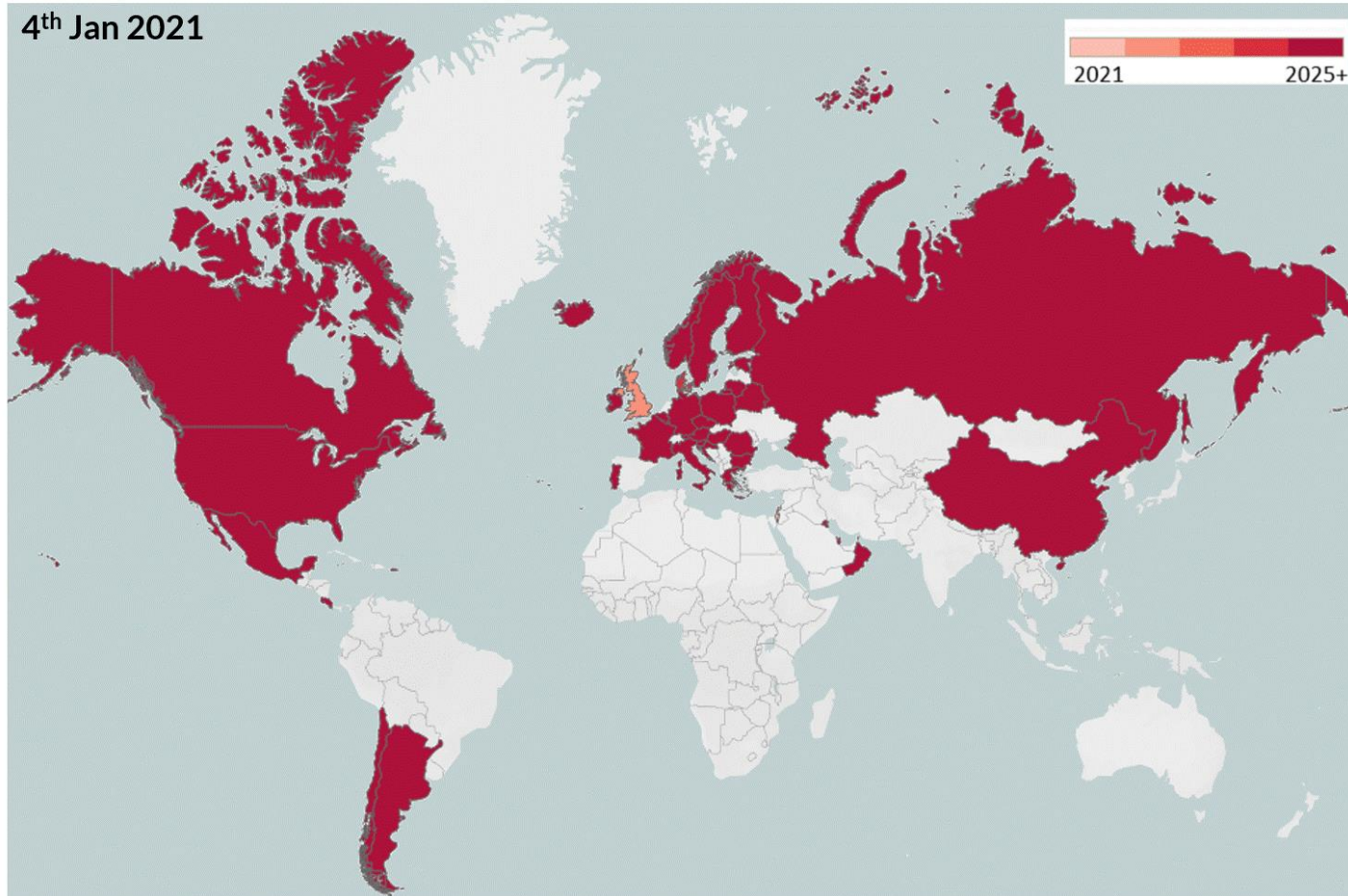
Source: Oxford Economics

Questions: Use the question panel

# Risks for travel are also related to vaccination: roll-out is accelerating but remains uneven and not immediate

Estimated timeline to vaccinate 70% population based on current rates

4<sup>th</sup> Jan 2021



© 2021 Mapbox © OpenStreetMap

Source: Tourism Economics, Our World In Data

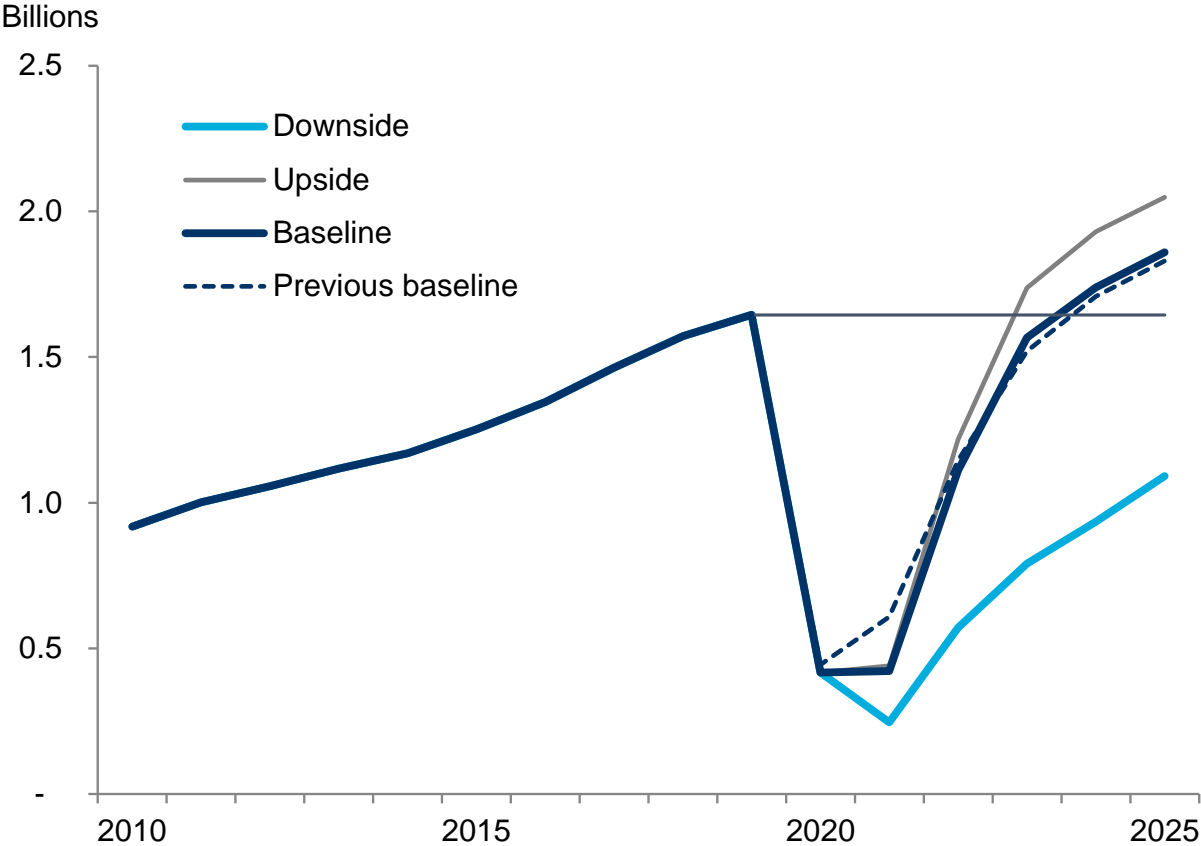
*Note: chart shows the timeframe for vaccination of 70% population at the latest rate for selected countries. This rate will likely change for many countries and the chart does not represent a forecast of when we believe vaccination will be completed, but is an indication of current progress.*

**Questions: Use the question panel**

# Uncertainty is greatest for international flows with notably weaker 2021

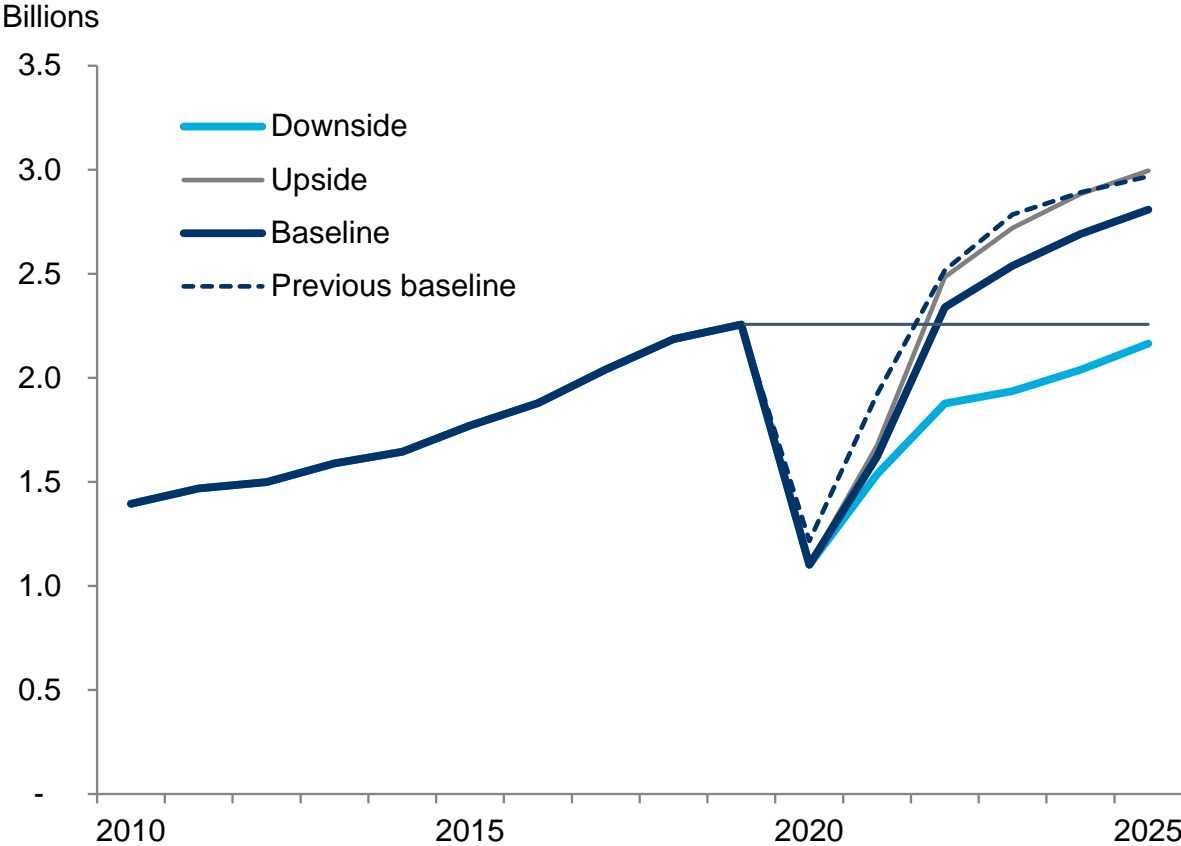
Although domestic outlook has been downgraded medium-term

## World international passenger flows



Source: IATA, Tourism Economics

## World domestic passenger flows



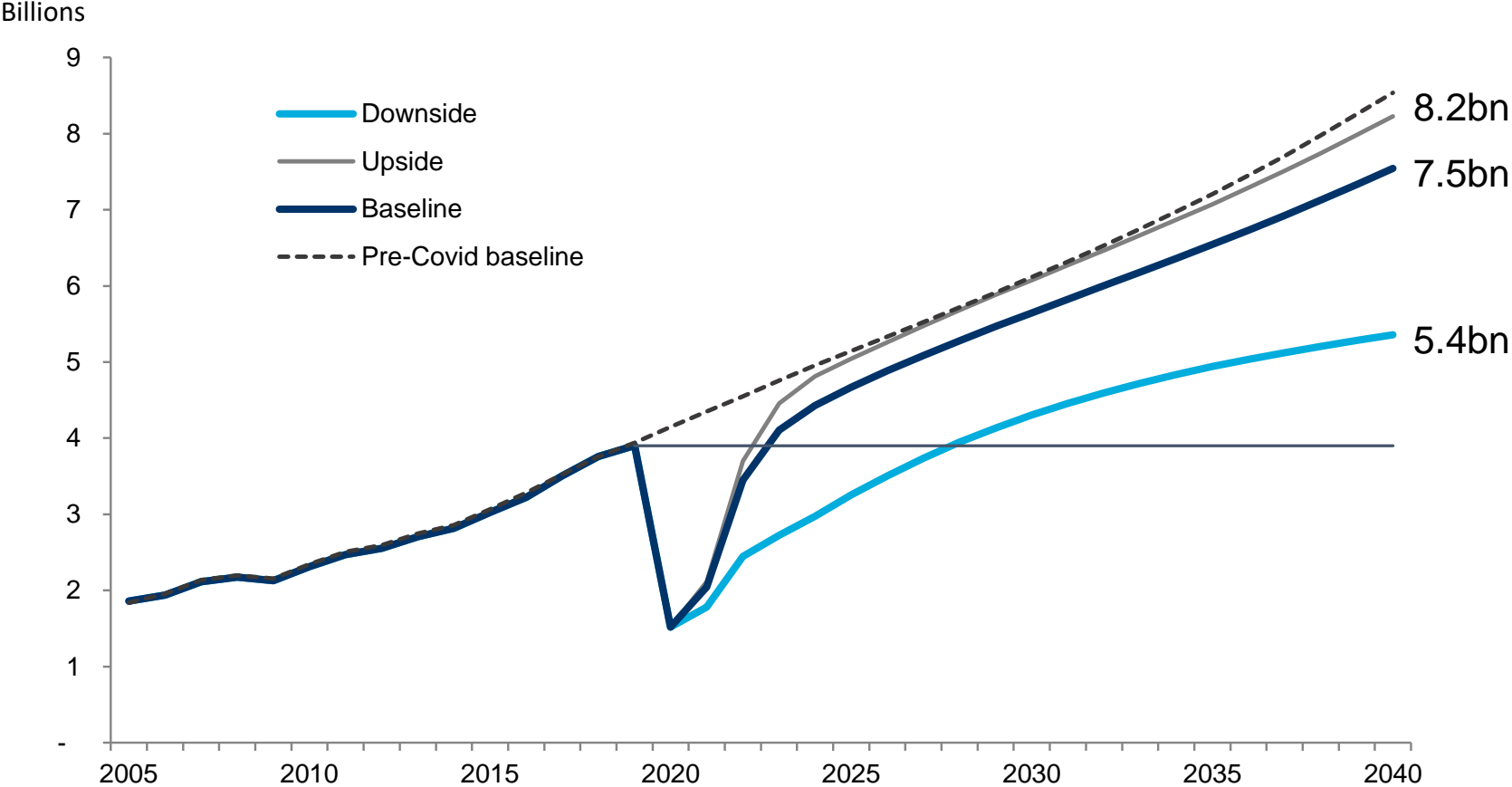
Source: IATA, Tourism Economics

Questions: Use the question panel

# Longer-run growth opportunities remain

## But risks remain skewed more to the downside

### World passenger flows long-run outlook



Source: IATA, Tourism Economics

Questions: Use the question panel

# Thank-you. Any questions?

---

**Updated Air Passenger Forecasts and scenarios are now available on the databank for subscribers along with new global reports**

For further information, please contact:  
[sales@oxfordeconomics.com](mailto:sales@oxfordeconomics.com)

Contact the IATA Economics team directly at:  
[economics@iata.org](mailto:economics@iata.org)

[www.iata.org/economics](http://www.iata.org/economics)

**Questions: Use the question panel**



**Global headquarters**

Oxford Economics Ltd  
Abbey House  
121 St Aldates  
Oxford, OX1 1HB  
UK  
**Tel:** +44 (0)1865 268900

**London**

Broadwall House  
21 Broadwall  
London, SE1 9PL  
UK  
**Tel:** +44 (0)203 910 8000

**New York**

5 Hanover Square, 8th Floor  
New York, NY 10004  
USA  
**Tel:** +1 (646) 786 1879

**Singapore**

6 Battery Road  
#38-05  
Singapore 049909  
**Tel:** +65 6850 0110

**Offices in  
Europe, Middle East  
and Africa**

Oxford  
London  
Belfast  
Frankfurt  
Paris  
Milan  
Cape Town  
Dubai

**Offices in  
Americas**

New York  
Philadelphia  
Mexico City  
Boston  
Chicago  
Los Angeles  
Toronto  
San Francisco  
Houston

**Offices  
Asia Pacific**

Singapore  
Sydney  
Hong Kong  
Tokyo

**Email:**

[mailbox@oxfordeconomics.com](mailto:mailbox@oxfordeconomics.com)

**Website:**

[www.oxfordeconomics.com](http://www.oxfordeconomics.com)