

Air Passenger Forecasts: Potential Paths for Recovery into the Medium- and Long-run

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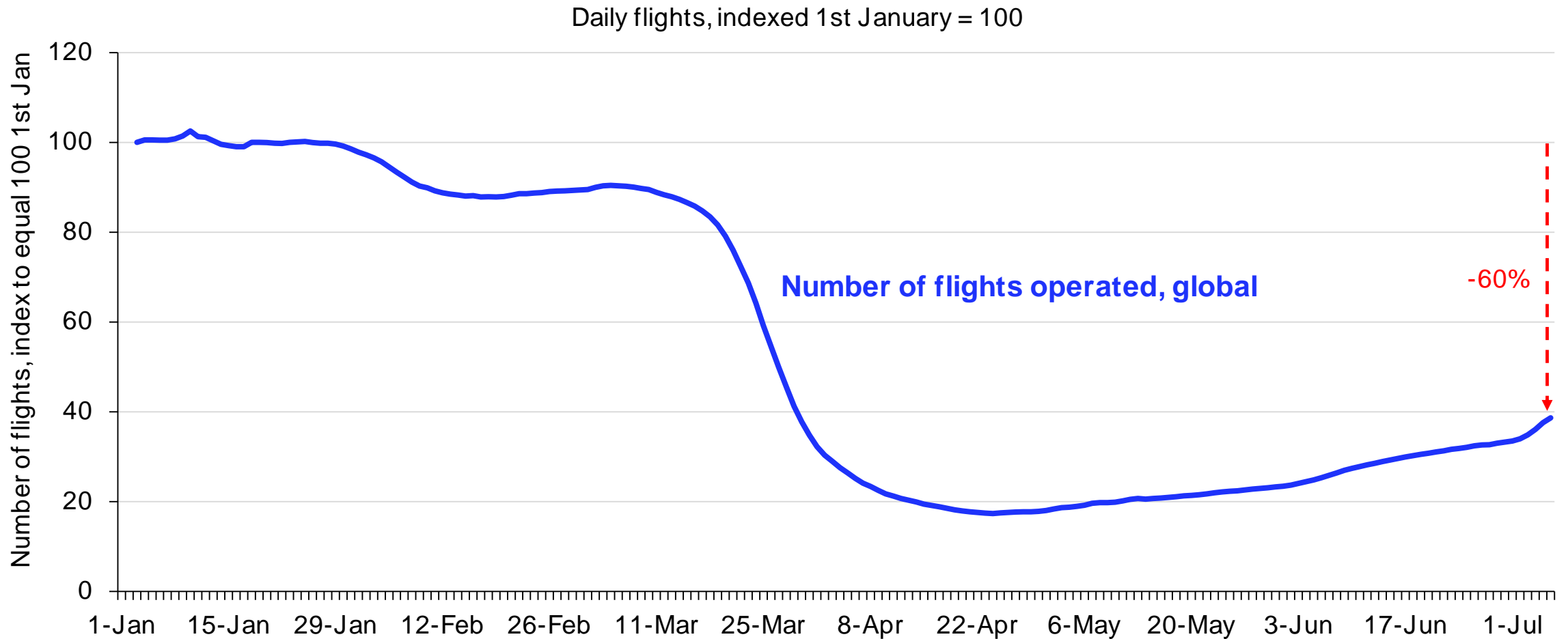
Outline

- Air traffic has hit a turning point in mid-2020 but remains lower than usual
- Baseline forecasts suggest recovery is not expected until 2023
- There remains uncertainty in the outlook and recovery could be delayed
- Long-run growth potential is evident but with risks more skewed to the downside

Questions: Use the question panel



The global number of flights is increasing, but still down 60% vs 1 January

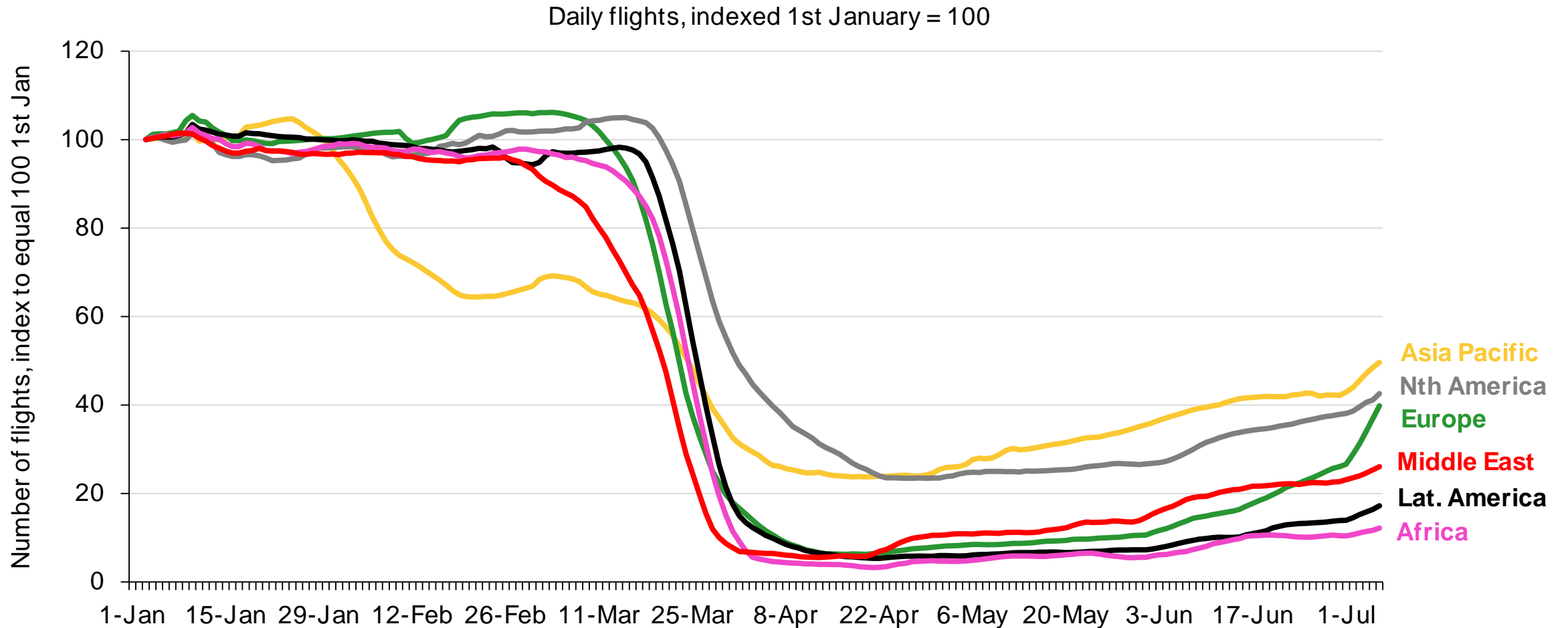


Source: IATA, using FlightRadar24 data, under licence

Questions: Use the question panel



Regional recovery has been mixed, with a recent surge from European carriers

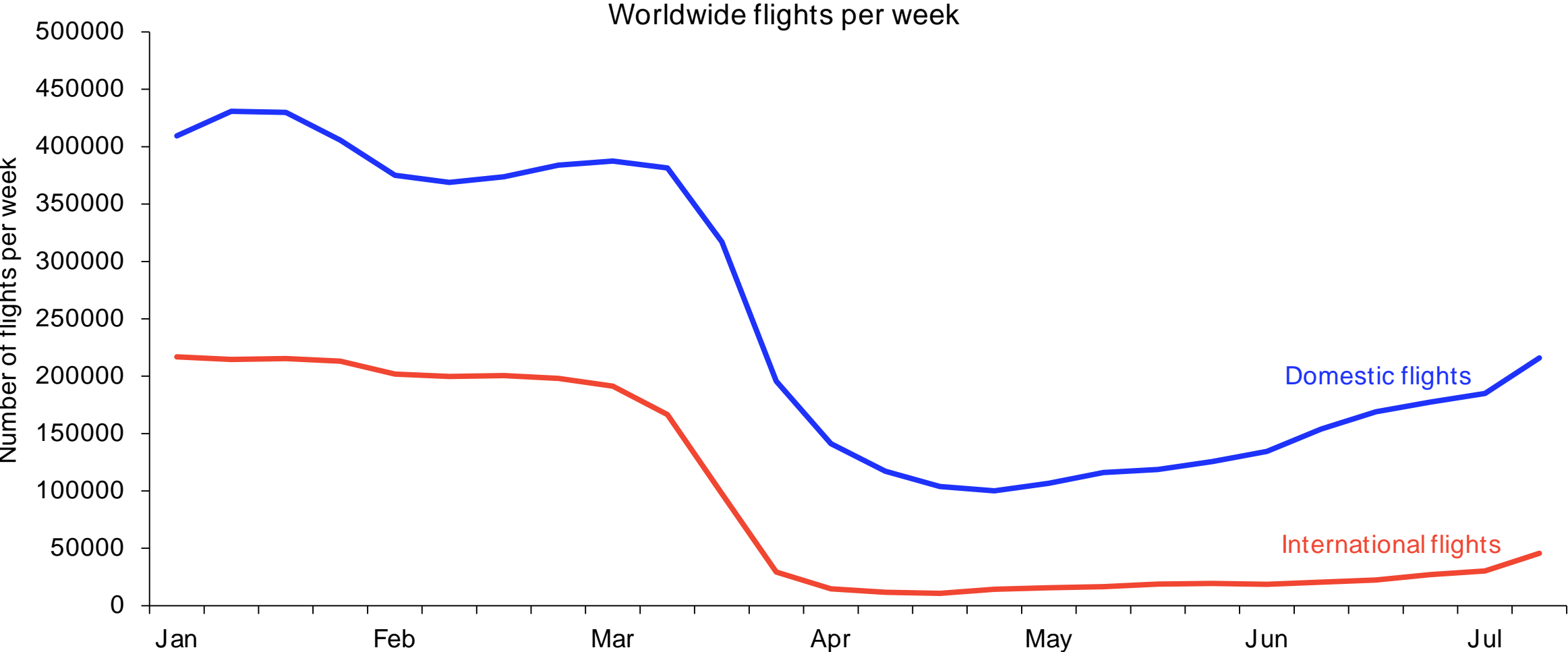


Source: IATA, using FlightRadar24 data, under licence

Questions: Use the question panel



Domestic travel has recovered more quickly than international, as expected

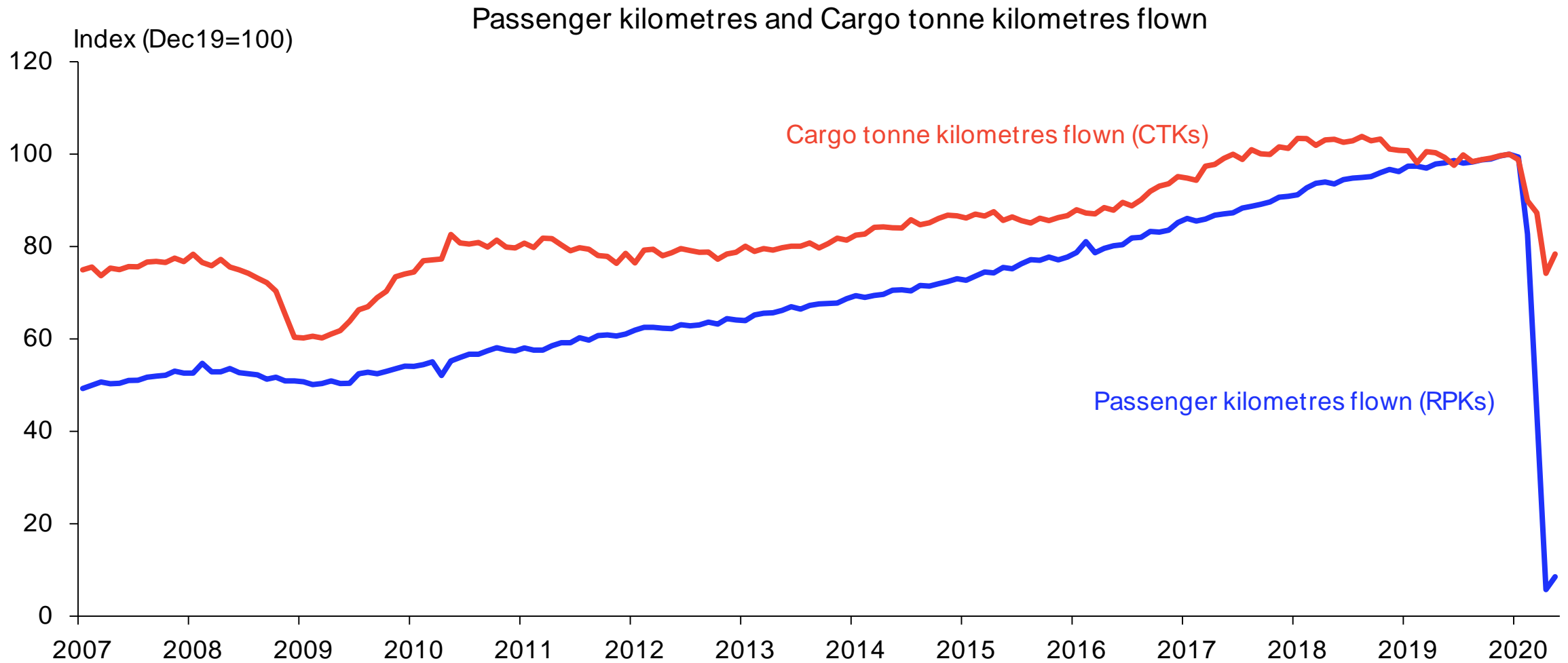


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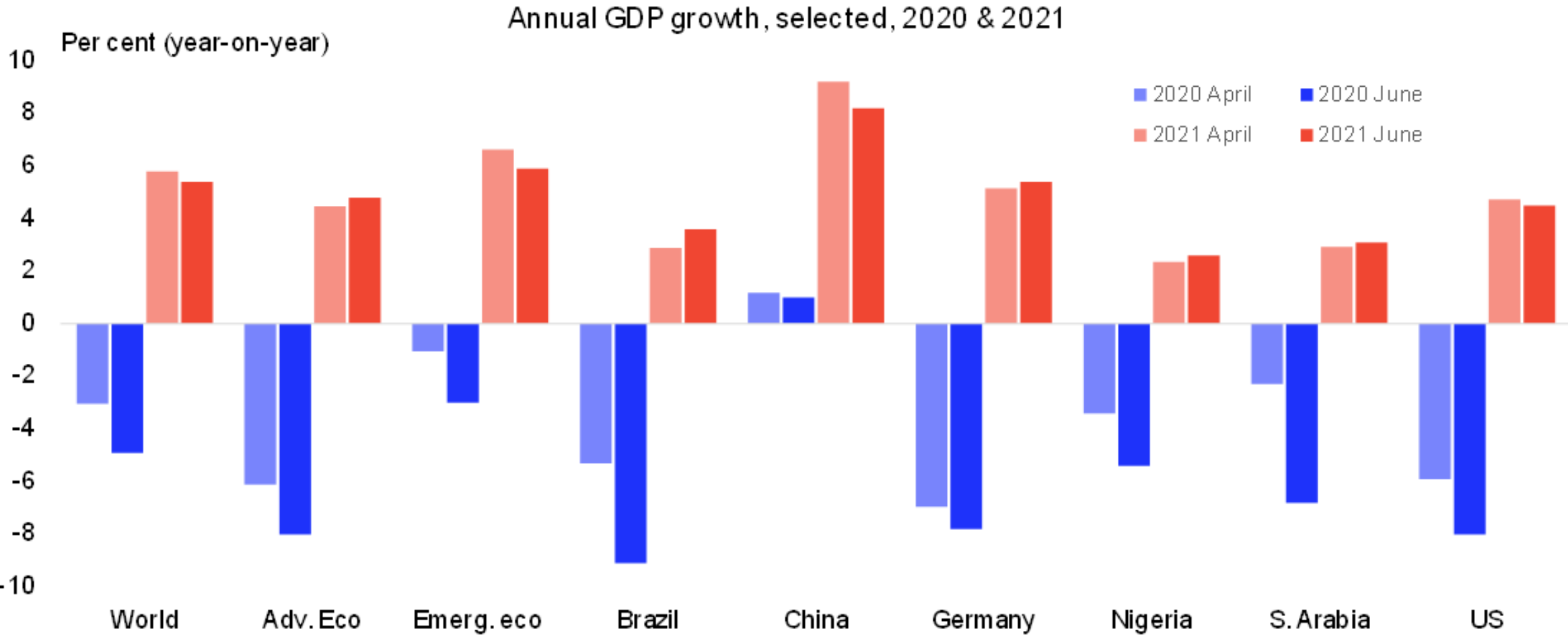
Traffic volumes suggest April is the low point, but with only a modest recovery



Questions: Use the question panel



Global macro backdrop has softened as the virus has persisted & evolved



Source: IMF

Questions: Use the question panel



Three broad areas of uncertainty in the outlook

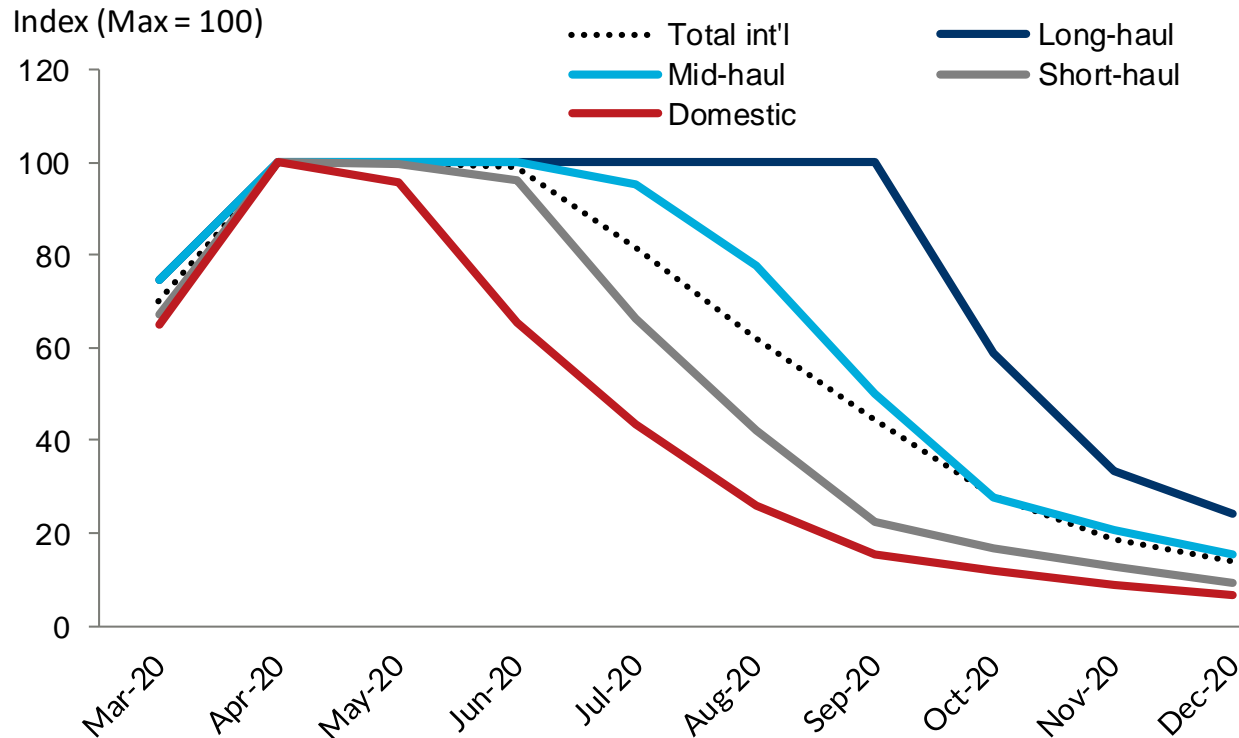


Questions: Use the question panel



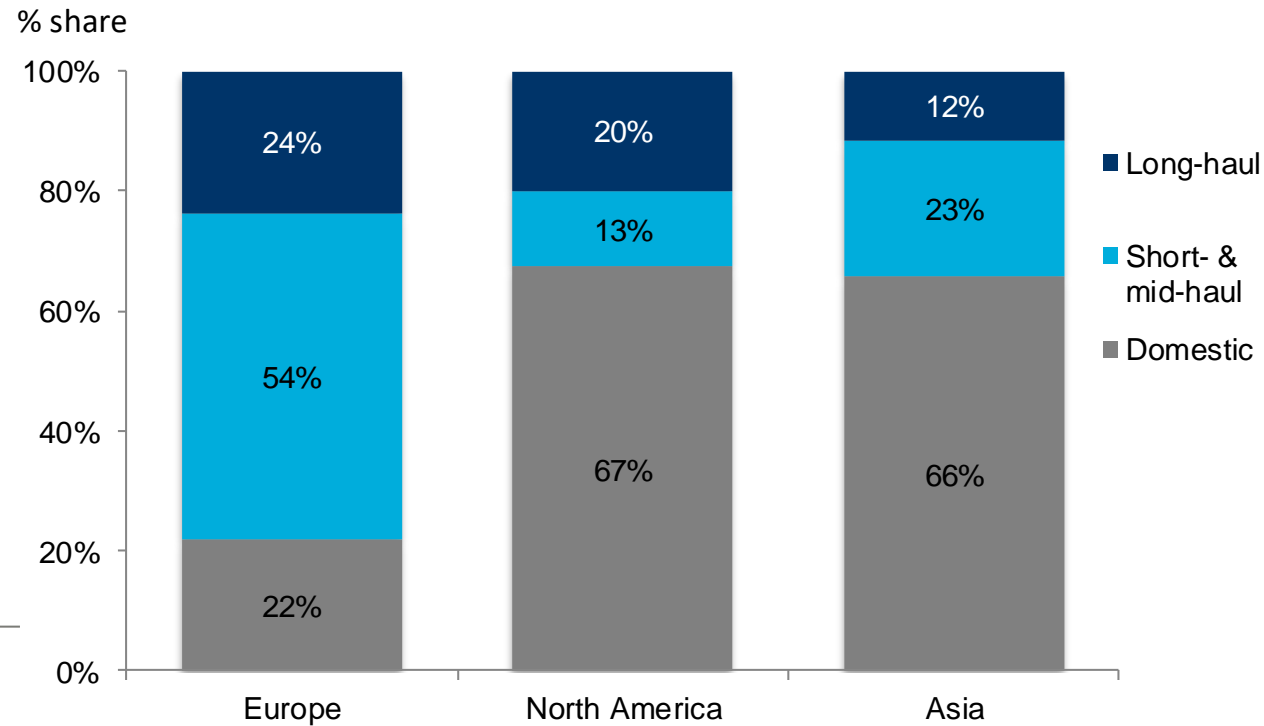
Travel restrictions will be lifted sequentially

Travel restriction stringency index, baseline scenario, global travel



Source: Tourism Economics

Air Passengers by region, 2019



Source: IATA, Tourism Economics

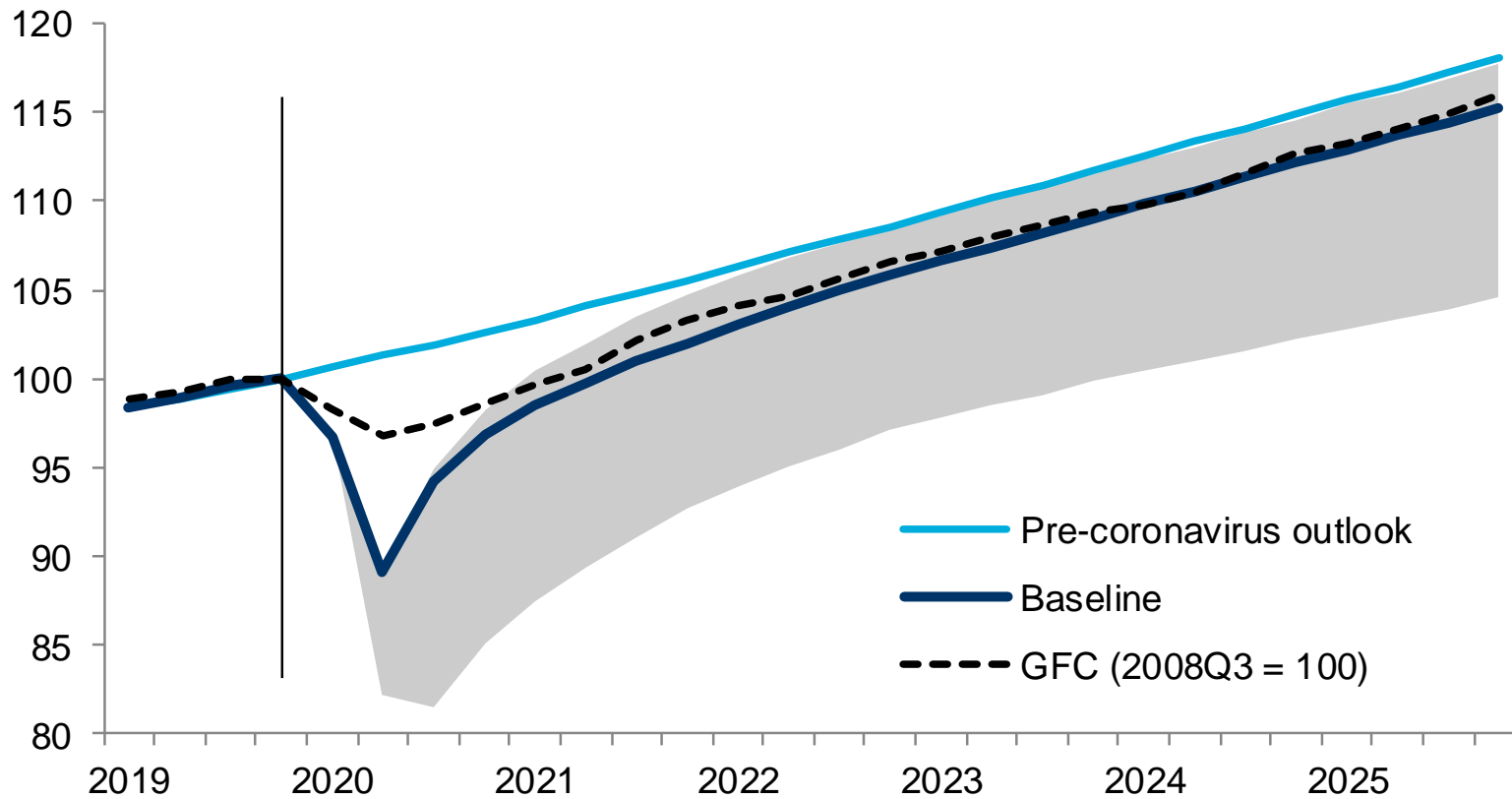
Questions: Use the question panel



Economic recovery will begin in H2, but with lingering impacts

Global GDP: distribution of plausible scenarios

Index 2019Q4 = 100



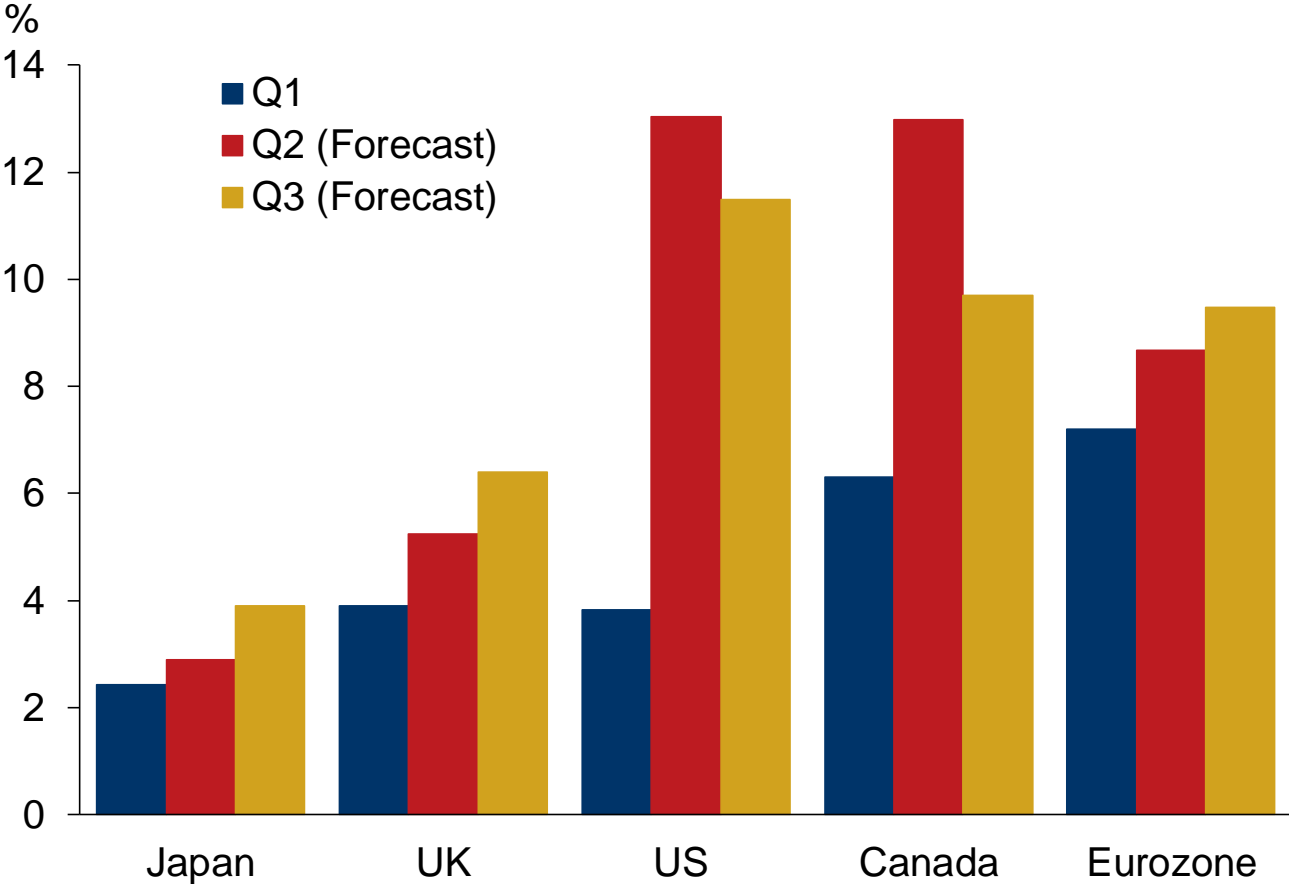
Source: Oxford Economics

Questions: Use the question panel



Unemployment impact is seemingly limited for now

Advanced economies: Unemployment rates



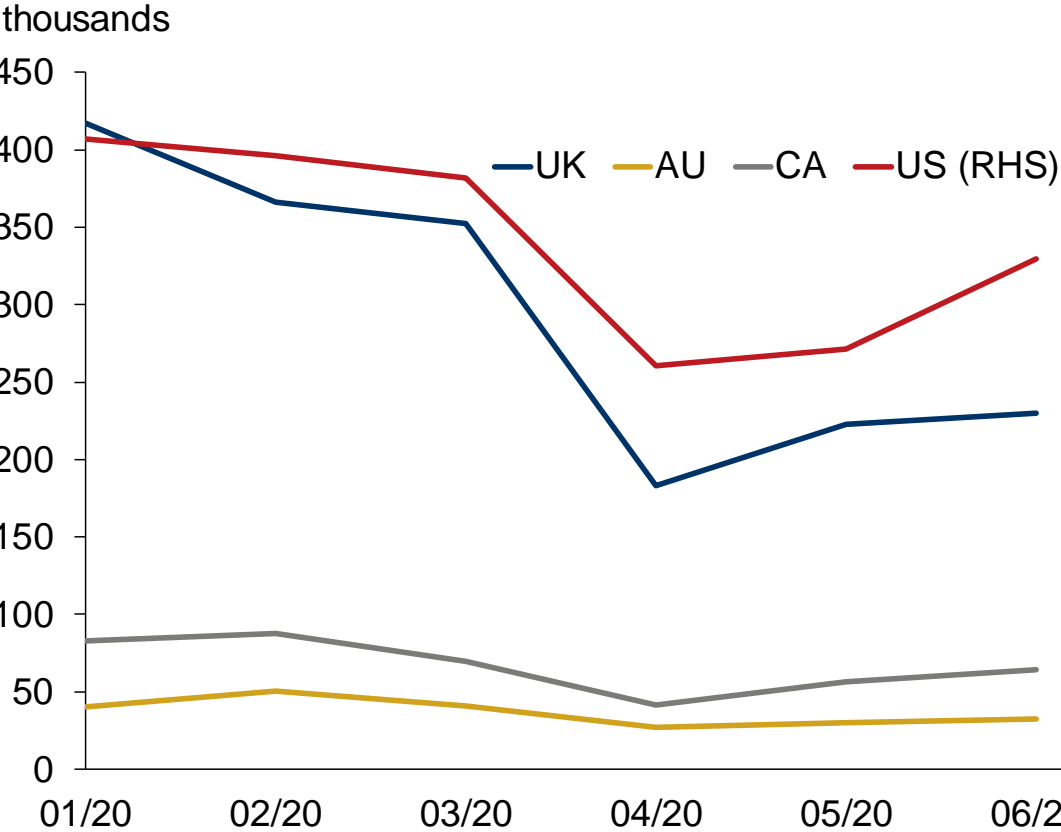
Source : Oxford Economics/Haver Analytics

Questions: Use the question panel



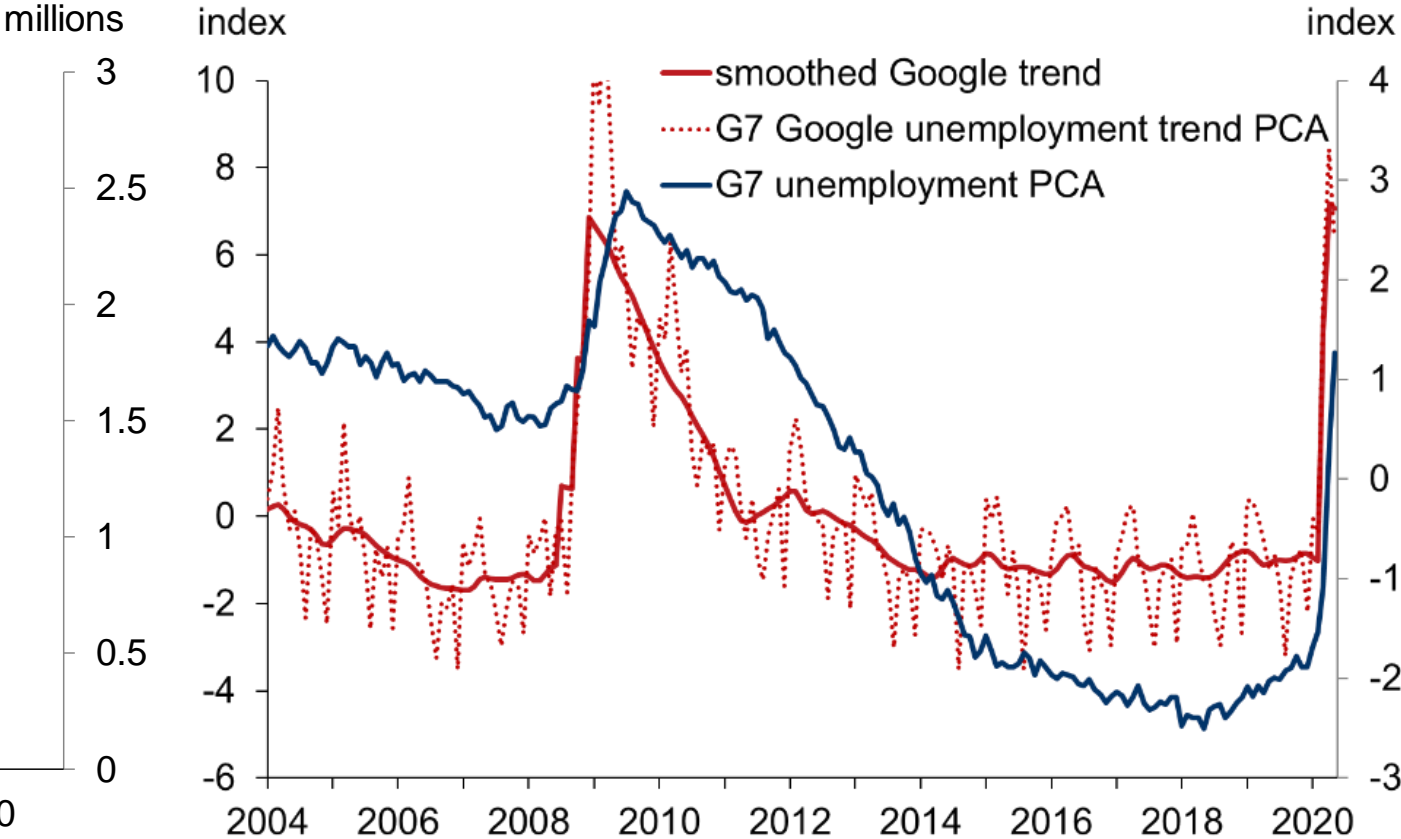
But there is significant underemployment, and rises to come in some markets

Job postings per month



Source : Oxford Economics/Burning Glass

G7 unemployment and Google trends



Source : Oxford Economics/Haver Analytics/Google

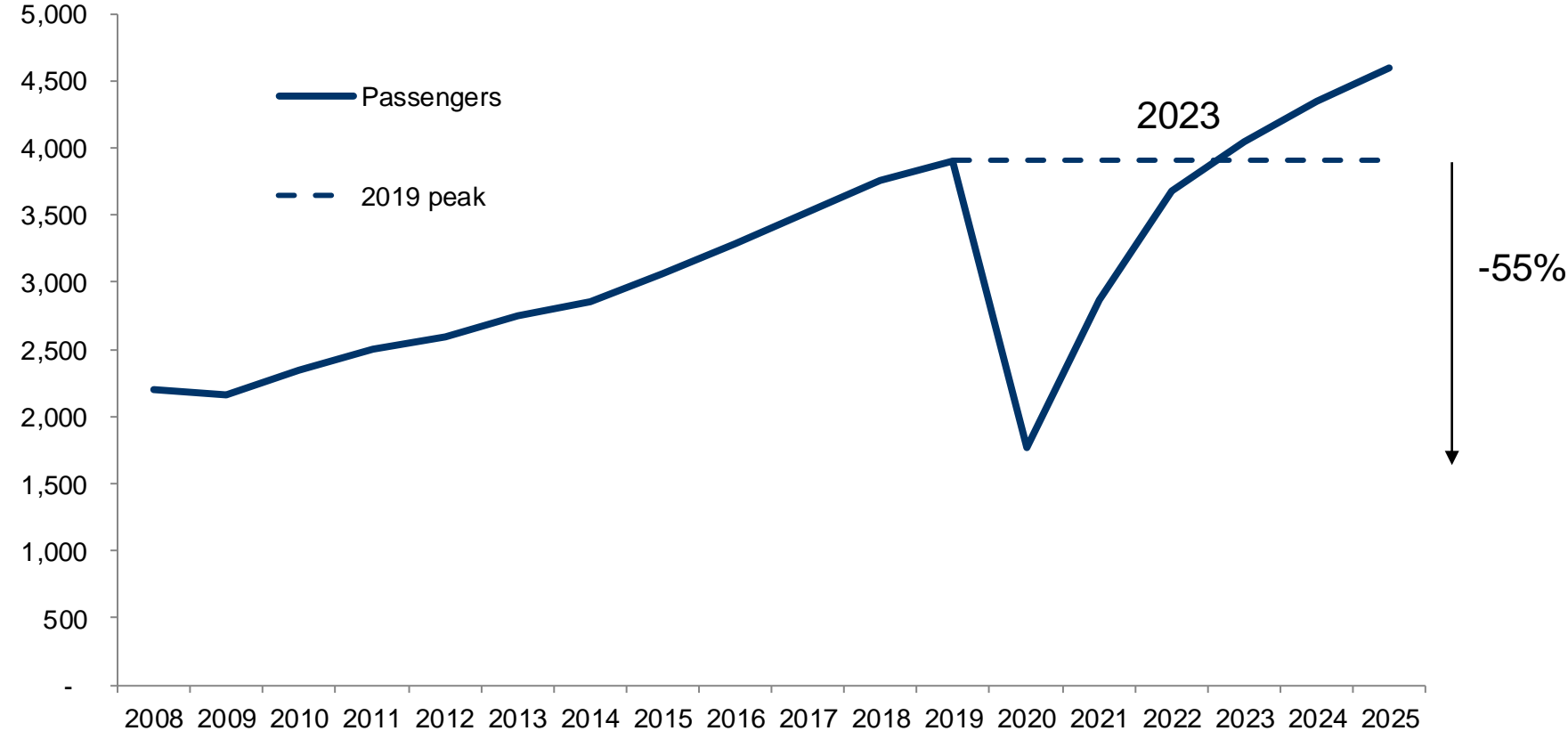
Questions: Use the question panel



Air passenger demand is not expected to regain 2019 levels until 2023

World air passenger demand

Millions



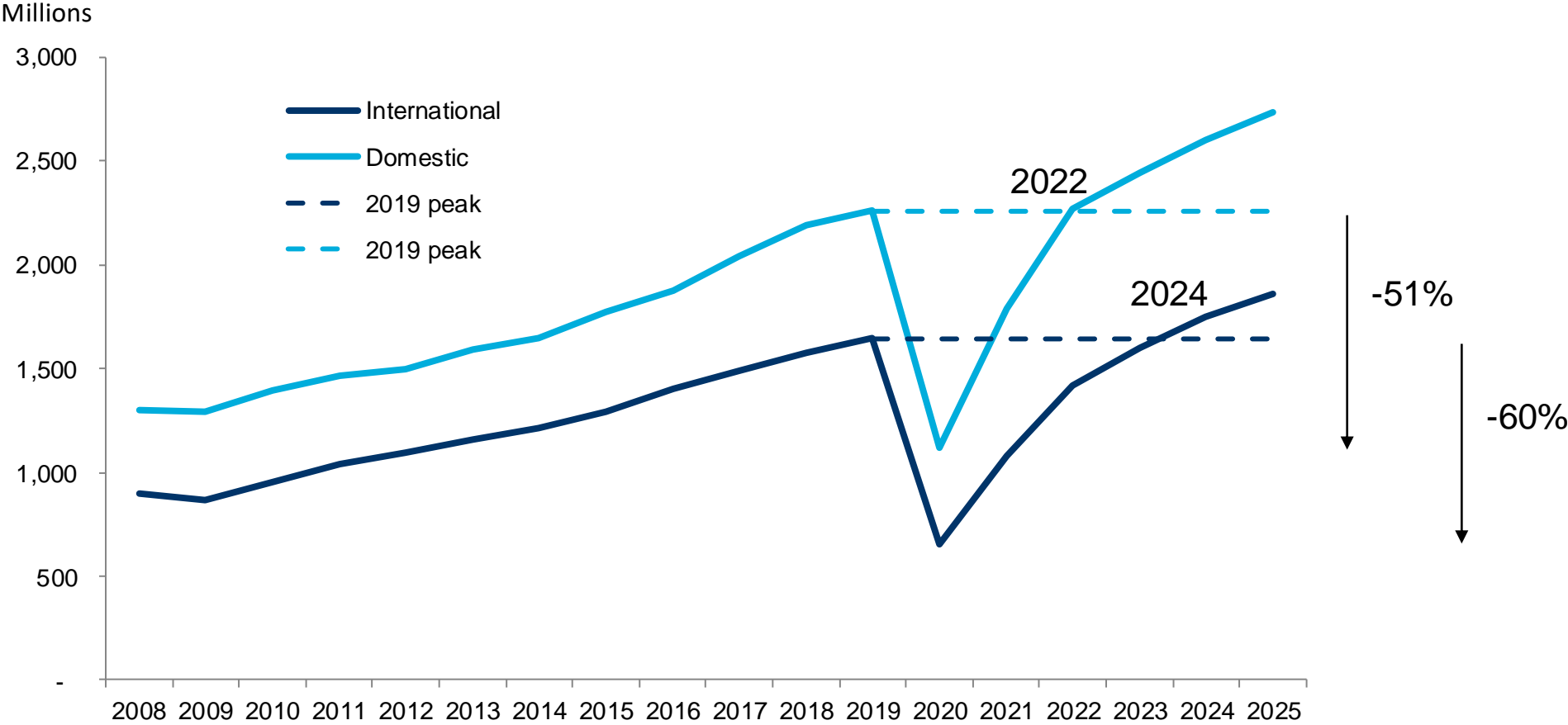
Source: IATA, Tourism Economics

Questions: Use the question panel



Domestic passenger demand should recover ahead of international

World international and domestic air passengers



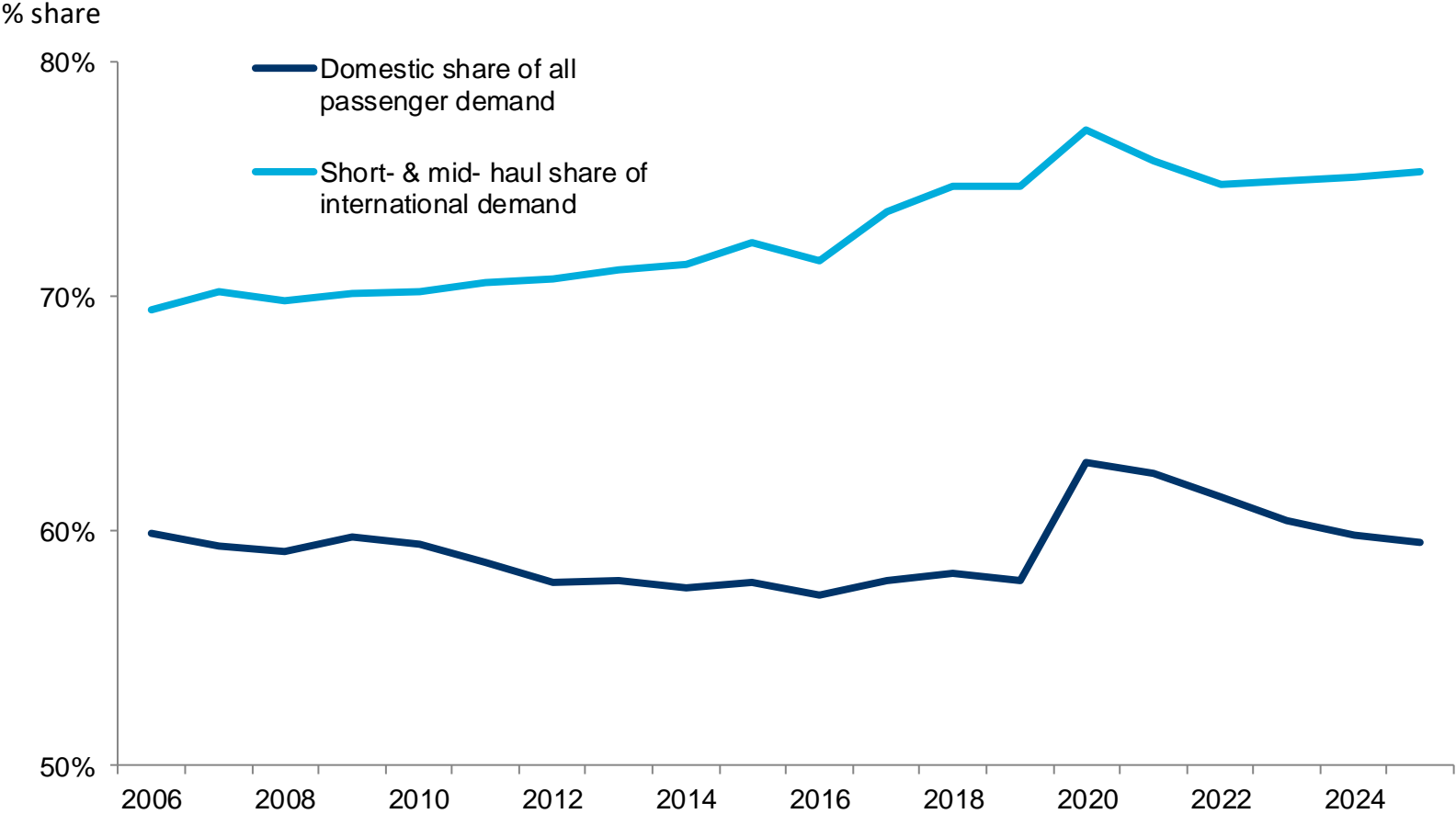
Source: IATA, Tourism Economics

Questions: Use the question panel



Domestic and short-haul passengers will remain important

Domestic & short-haul share of passenger demand



Source: IATA, Tourism Economics

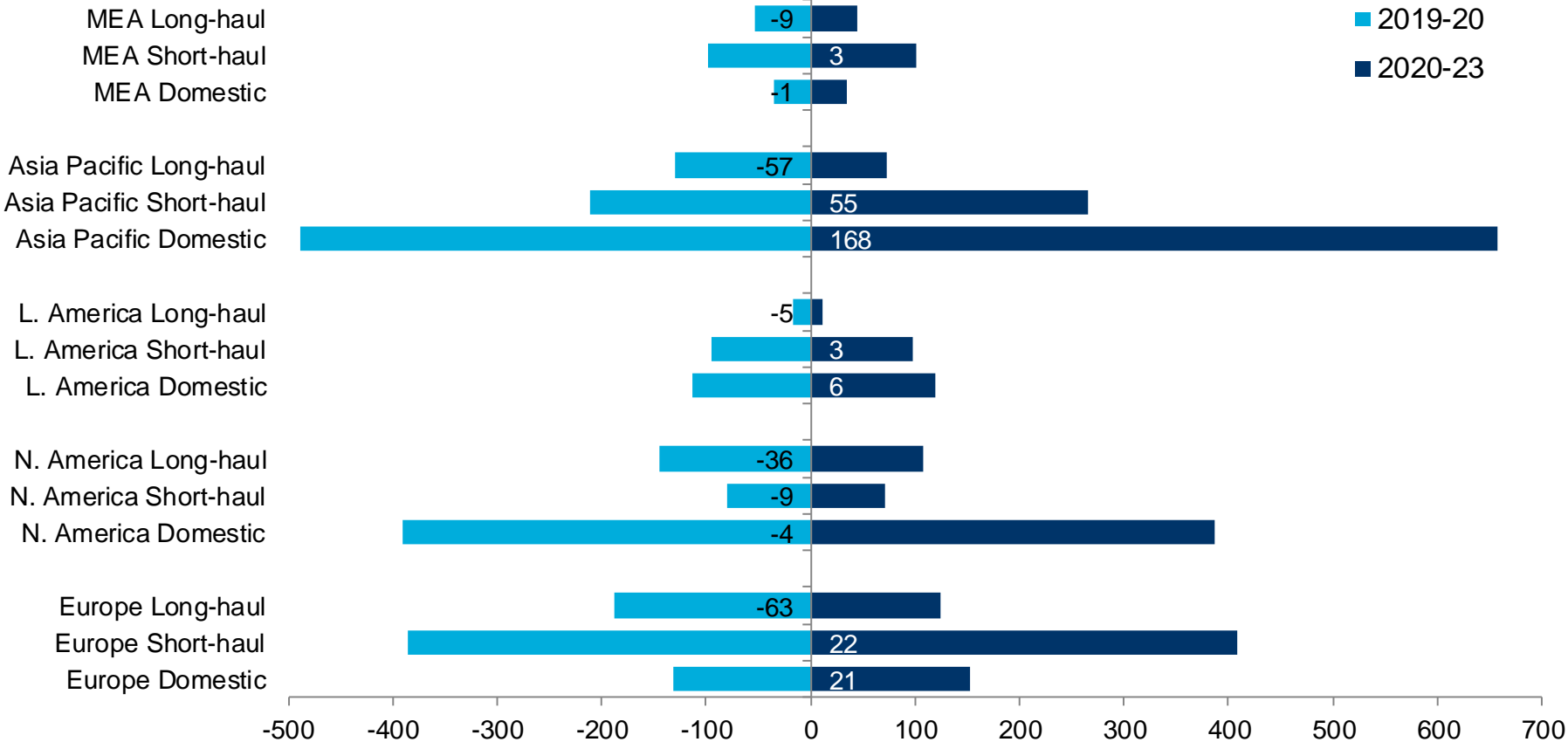
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Importance of long-haul demand is one key factor for recovery

2020 passenger demand falls and initial recovery

Difference in annual pax, mns

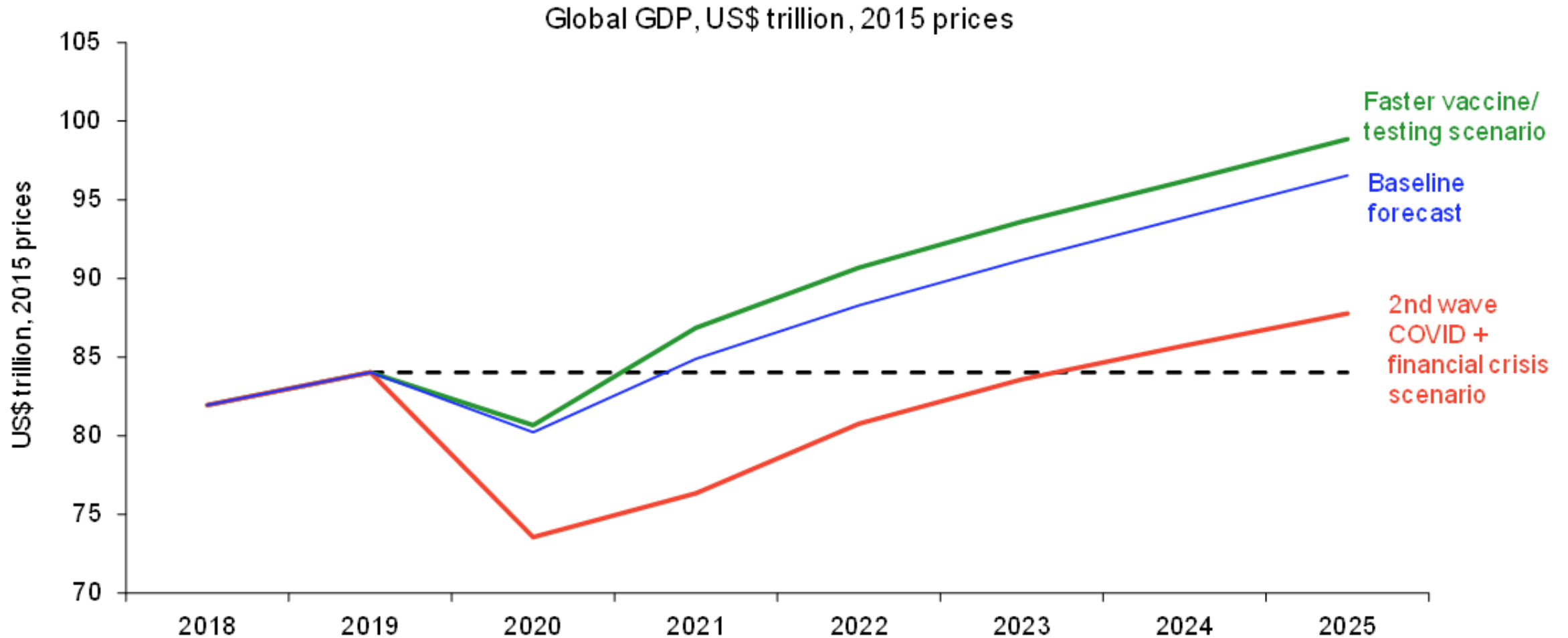


Source: IATA, Tourism Economics

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Two short-term scenarios, incorporating macroeconomic & consumer drivers

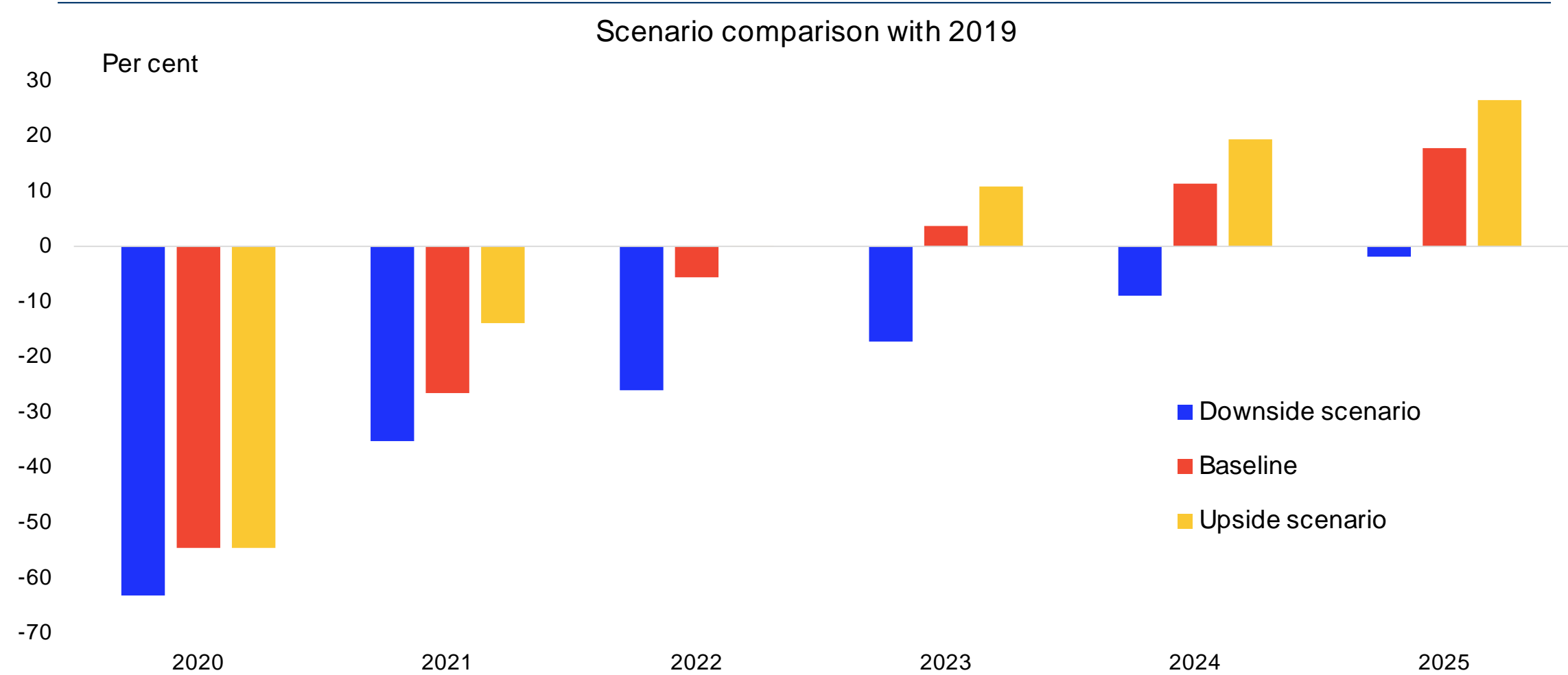


Source: IATA/Tourism Economics

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Passenger numbers will recover their 2019 level by 2023 (baseline scenario)

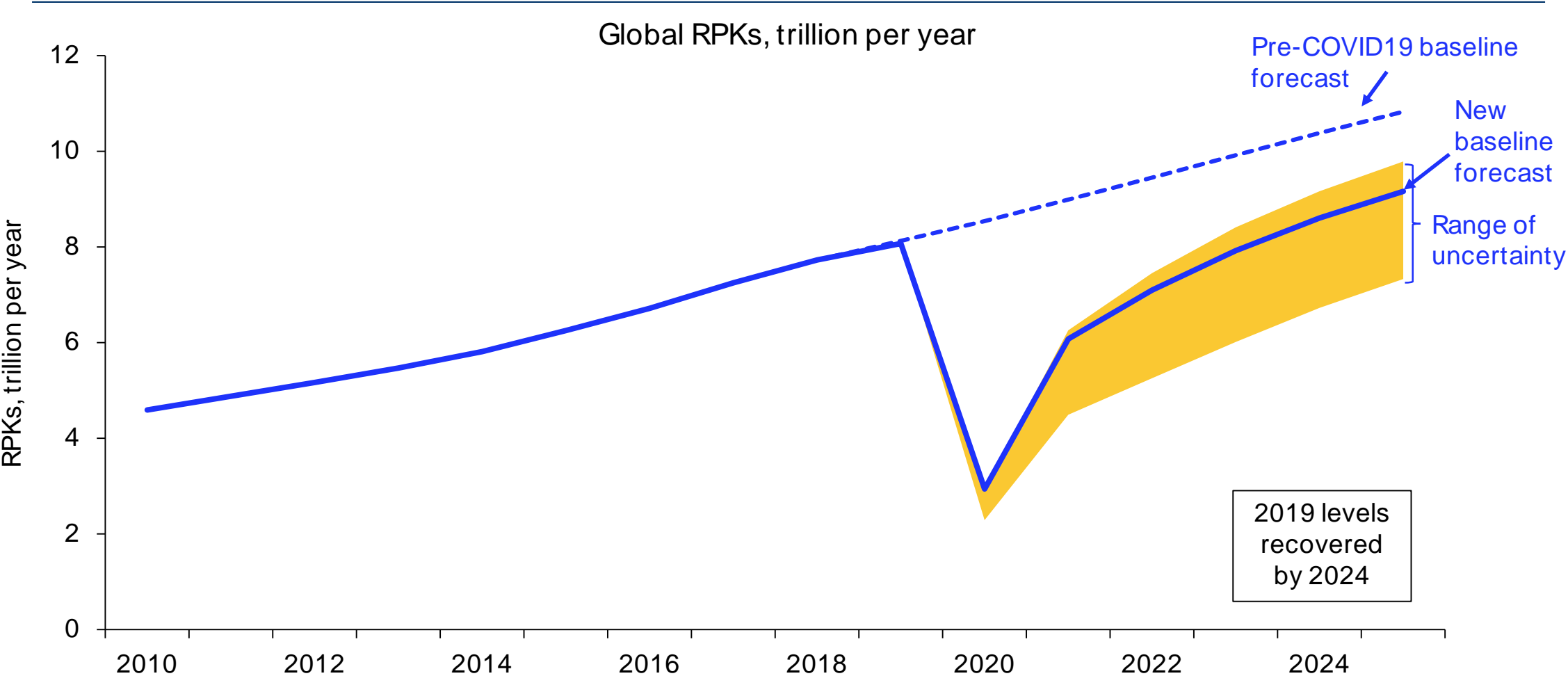


Source: IATA/Tourism Economics

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Risks and uncertainty remains tilted to the downside

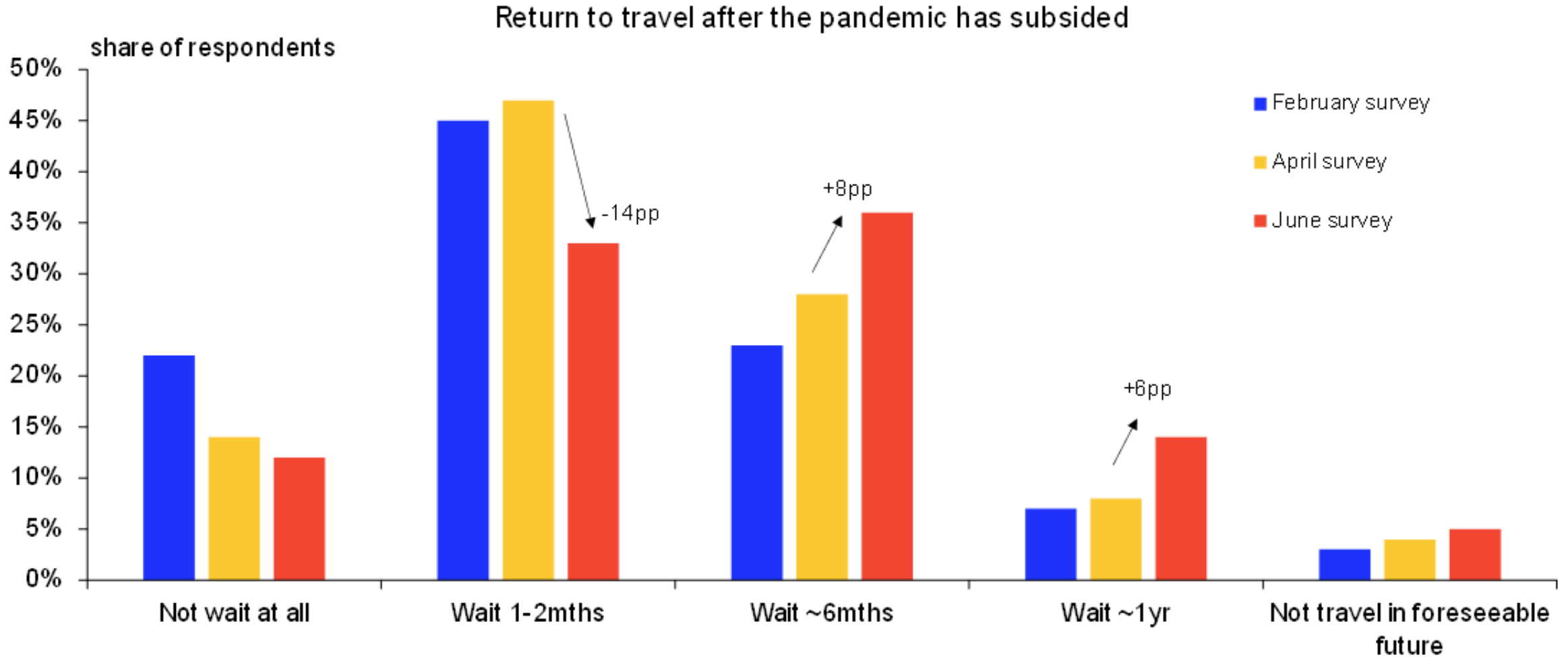


Source: IATA/Tourism Economics

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Consumer confidence remains key, even as business sentiment has lifted



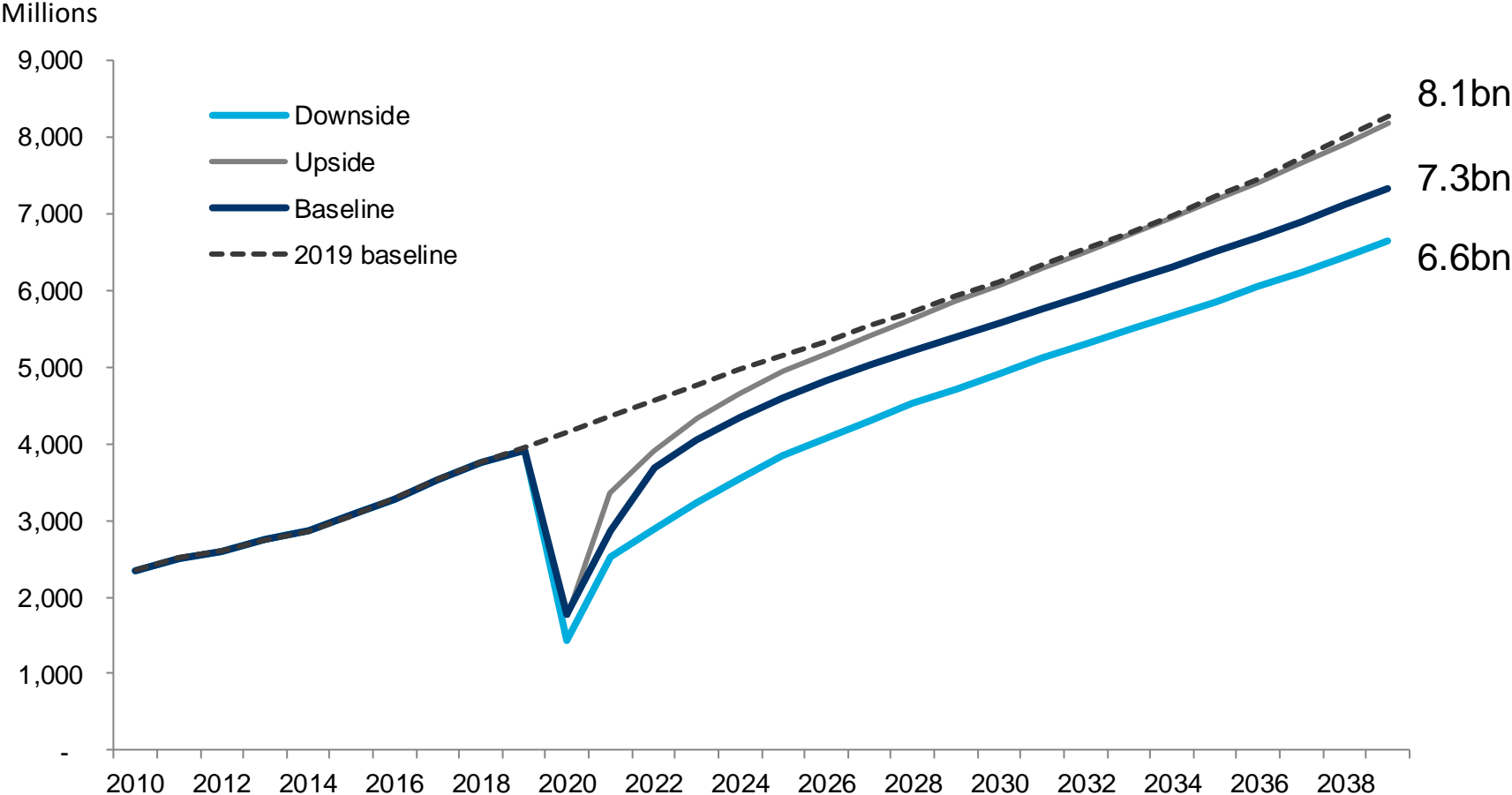
Source: IATA

Questions: Use the question panel



Potential for long-run growth, but with risks 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:
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Questions: Use the question panel



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