



Air Passenger Market Analysis

January 2021

Passenger traffic deteriorates as domestic markets weaken

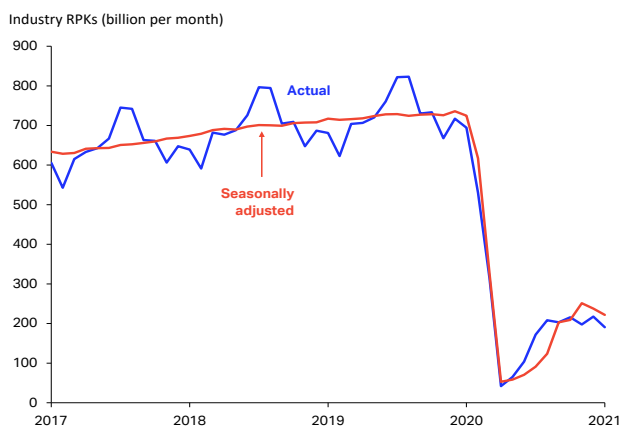
- Passenger traffic fell in January. Industry-wide revenue passenger-kilometres (RPKs) were down by 6.6% compared to December and by 72.0% compared to pre-crisis (January 2019) levels.
- In contrast to the trend observed since last year's low point in April, this deterioration in traffic was primarily driven by domestic markets (down 47.4% versus January 2019), particularly in Asia.
- January's renewed weakness in air travel was caused by new variants of the virus leading to a surge of new COVID cases and governments increasing travel restrictions.

Asian domestic markets dragged global RPKs down

After several months without any clear improvement, industry-wide revenue passenger-kilometres (RPKs) deteriorated in January 2021. They were an even 72% lower than their levels in January 2019, which represent a more accurate comparison due to the large moves in traffic in early 2020. This was the first deterioration in the rate of decline since April 2020 (69.7% year-on-year in December). Note that RPKs were 72.5% lower than January 2020 levels.

Removing seasonal fluctuations from the overall trend offers another way to accurately picture the evolution of traffic. Seasonally adjusted (SA) RPKs declined by 6.6% month-on-month, following a 5.4% decline in December (Chart 1).

Chart 1 – Air passenger volumes



Sources: IATA Economics, IATA Monthly Statistics

While traffic on international routes weakened slightly in January, most of the deterioration this month was driven by domestic markets. Indeed, total domestic

Air passenger market overview - January 2021

To aid understanding, the table includes both % comparisons with pre-crisis 2019 months and 2020 months.

	World share ¹	January 2021 (% ch vs the same month in 2019)				January 2021 (% year-on-year, 2020)			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	-72.0%	-58.7%	-25.7%	54.1%	-72.5%	-59.3%	-26.0%	54.1%
International	45.7%	-85.6%	-74.4%	-35.0%	44.9%	-85.9%	-74.5%	-36.2%	44.9%
Domestic	54.3%	-47.4%	-30.5%	-19.3%	60.1%	-48.3%	-32.7%	-18.2%	60.1%

¹% of industry RPKs in 2020

²Change in load factor vs same month in 2019

³Load factor level

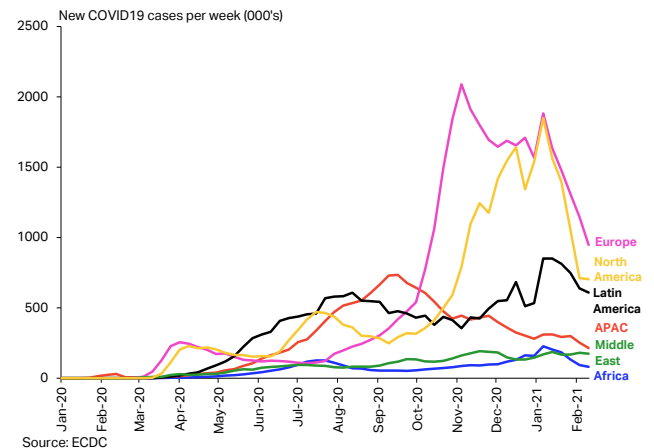
traffic was down 47.4% versus pre-crisis (January 2019) values, after falling 42.9% in December.

This was driven by marked slumps in Asian domestic markets. Domestic traffic in China was 33.9% below January 2019 levels in January, after falling 8.5% year-on-year in December. Japan and Australia were down by respectively 71.3% and 81.6% versus January 2019 after falling 50.6% and 60.8% in December.

New COVID cases reached a peak mid-January...

Among the key drivers of air travel in the current environment, new COVID-19 cases grew strongly in the first half of January, particularly in Europe and the Americas, leading to a global peak (Chart 2).

Chart 2 – New COVID cases by region

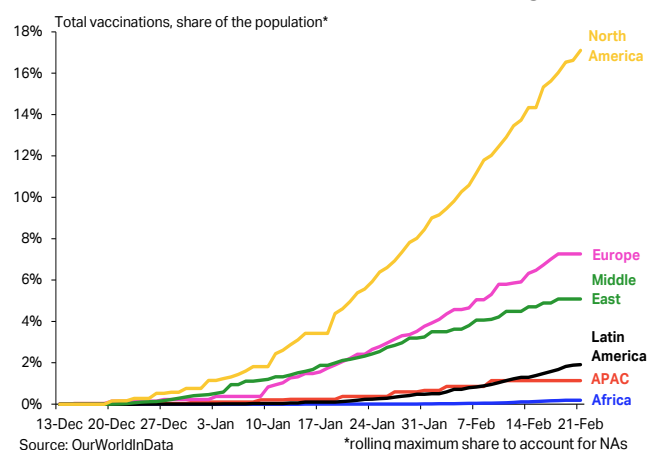


In many countries, governments reacted strongly by imposing strict control measures. This succeeded in containing new cases, which have significantly decreased since then.

They remain elevated however, at 2.7m during the second week of February, and outbreaks from new, more contagious, variants of the virus have become more widespread.

In the meantime, vaccine distribution efforts have picked up speed, in particular in the US, UK, UAE and Israel. In those countries, total doses (first or second) given per 100 people reached respectively 9.3%, 14.4%, 33.7% and 57.4% on January 31 (Chart 3).

Chart 3: Vaccine doses administered by region



While the share of the population having received two vaccine doses is much lower (1.7% in the US on January 31 for example), there are indications that one dose allows to significantly decrease community transmission and health risks.

Moreover, vaccination efforts have been further boosted by announcements of positive test results from vaccines recently developed. This will reduce supply shortages such as faced by the EU.

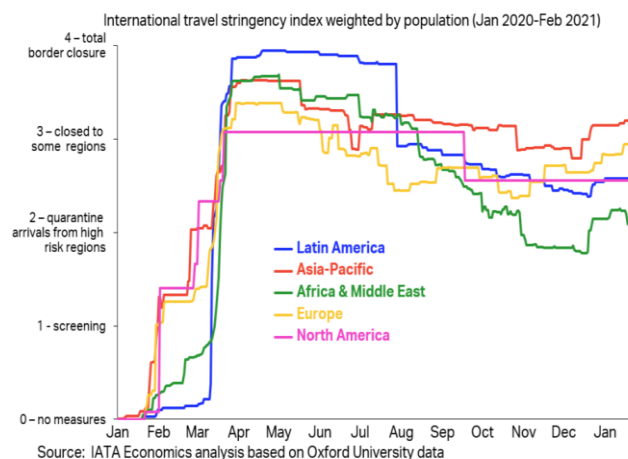
... forcing governments to keep air travel limited

That being said, it appears that governments in many key economies have chosen a conservative approach, by maintaining lockdowns and strict air travel limitations. This is primarily driven by the emergence of new variants as well as supply issues in vaccine distributions.

Indeed, the stringency of measures governments have imposed on international air travel has increased in most regions since late December 2020. Controls are particularly strict in Europe and Asia Pacific. They are likely to only ease slowly until significant progress is made on vaccination, meaning that air traffic will remain muted in the near-term.

The upshot is that despite the strong rebound in economic activity, large consumer savings and resilient willingness to fly, air travel is unlikely to rebound before governments lift restrictions (Chart 4).

Chart 4: Stringency of government international air travel measures by region

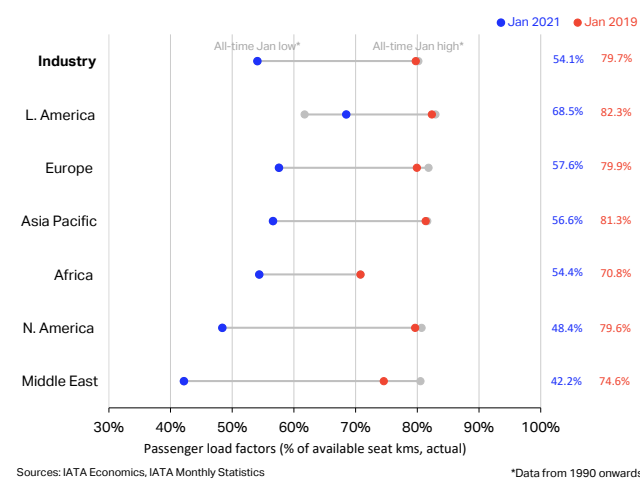


Load factors fall again as carriers struggle to adjust

Industry-wide available seat-kilometres (ASKs) fell by 58.7% in January 2021 vs January 2019, down from a 56.2% decline in December. In seasonally adjusted terms, ASKs dropped by 4.6% month-on-month. This was driven by the APAC region, where SA ASKs were down 15.3% month-on-month, while all the other regions registered small SA gains.

As demand decreased faster than supply, industry-wide passenger load factors deteriorated again in January. They fell by 25.7 percentage points (ppts) versus January 2019 to 54.1%, a new all-time low for the month (Chart 5).

Chart 5 – Passenger load factors by region

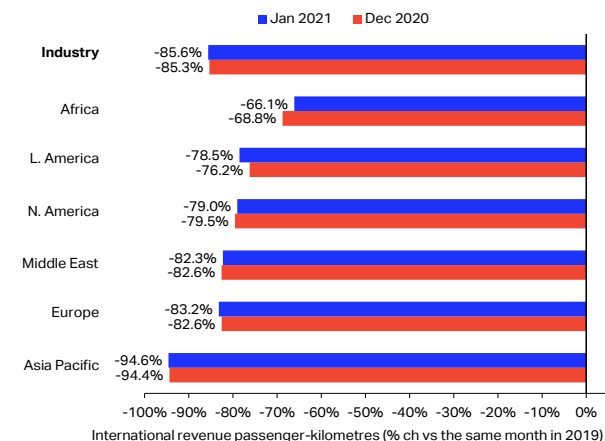


International markets remained weak in January

International RPKs were still down 85.6% in January compared to January 2019, close to the outcome of the month before (85.3% year-on-year). SA international RPKs were broadly unchanged compared to December.

As has been the case throughout most of 2020, carriers in Africa posted the most resilient international traffic performance. In January, international RPKs fell by 66.1% vs Jan 2019, up from 68.8% year-on-year in December 2020. The region benefits from less stringent restrictions and lower COVID cases (Chart 6).

Chart 6 – International RPK growth versus the same month in 2019 (airline region of registration basis)



Airlines in **Latin American** and **North America** saw similar declines in their international RPKs, down respectively 78.5% and 79.0% versus Jan 2019 in January. In SA terms however, international volumes are on a downwards trend in Latin America while they increased slightly in North America in January.

Airlines based in the **Middle East** and **Europe** posted broadly unchanged rates of decline compared to December. In January 2021, international RPKs were respectively 82.3% and 83.2% lower than two years ago. SA volumes trended sideways compared to December in both regions. RPKs in the Middle East are impacted by low traffic volumes on long-haul routes. In Europe, the weakness is driven by strict lockdowns and high covid cases.

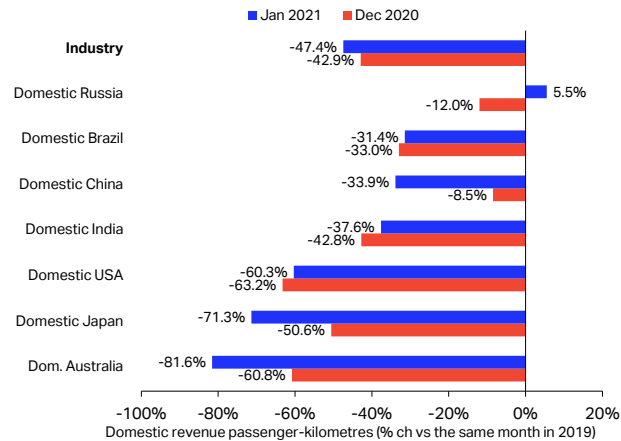
Airlines based in **Asia Pacific** closed the growth ranking for the 7th consecutive months, with international RPKs down 94.6% vs Jan 2019 in January. While COVID outbreaks have been mostly controlled in the region recently, travel restrictions are the strictest among the main regions. With slow vaccination plans, any improvement in international traffic is unlikely in the coming months.

The fall in domestic traffic was driven by Asia

Domestic markets deteriorated again in January, at a faster pace than during the two previous months. Indeed, industry-wide domestic RPKs fell by 47.4% compared to pre-crisis values (Jan 2019) this month. SA levels fell by close to 10% month-on-month after trending sideways in December.

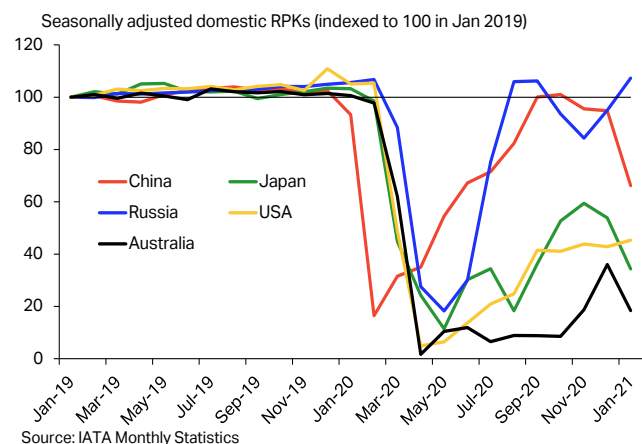
The decline in domestic traffic was driven by Asian markets, and in particular **China** – which now accounts for close to 20% of global total RPKs – where domestic RPKs fell by 33.9% compared to January 2019. This is a dramatic contrast with mid-2020, where traffic was close to pre-crisis values. The fall is due to stricter traffic controls ahead of the **Chinese New Year** amid several localized COVID outbreaks (Chart 7).

Chart 7 – Domestic RPK growth versus the same month in 2019, registration basis



Domestic RPKs also weakened in **Japan** and **Australia**, down by respectively 71.3% and 81.6% vs Jan 2019 in January. SA volumes also dropped strongly, due to renewed travel restrictions to prevent modest COVID outbreaks from expending (Chart 8).

Chart 8 – Seasonally adjusted domestic RPK markets



Domestic RPKs of **Russian** airlines were up 5.5% compared to January 2019, driven by a fall in COVID cases since a peak late in December and by national holidays in the first week of the month.

Domestic traffic outcomes were more stable in **Brazil**, **India** and the **US** at respectively 31.4%, 37.6% and 60.3% below January 2019 RPKs.

While Brazil has faced a strong increase in virus cases in the recent period, travel restrictions remain relatively loose. In India on the contrary, new COVID cases have been on a downward trend since September. The US faced a strong spike in new cases around the year-end celebrations and COVID cases have remain elevated since the start of the crisis, preventing a significant restart in air travel.

Air passenger market detail - January 2021

To aid understanding, the table includes both % comparisons with pre-crisis 2019 months and 2020 months.

	World share ¹	January 2021 (% ch vs the same month in 2019)				January 2021 (% year-on-year, 2020)			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
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Africa	1.9%	-63.9%	-53.0%	-16.4%	54.4%	-66.0%	-56.0%	-15.9%	54.4%
Asia Pacific	38.6%	-71.5%	-59.0%	-24.8%	56.6%	-71.4%	-59.8%	-23.1%	56.6%
Europe	23.7%	-77.4%	-68.7%	-22.4%	57.6%	-77.7%	-68.3%	-24.2%	57.6%
Latin America	5.7%	-58.0%	-49.5%	-13.9%	68.5%	-58.2%	-49.6%	-14.2%	68.5%
Middle East	7.4%	-80.7%	-65.8%	-32.4%	42.2%	-81.7%	-66.0%	-36.3%	42.2%
North America	22.7%	-67.5%	-46.5%	-31.2%	48.4%	-69.0%	-48.5%	-31.9%	48.4%
International	45.7%	-85.6%	-74.4%	-35.0%	44.9%	-85.9%	-74.5%	-36.2%	44.9%
Africa	1.6%	-66.1%	-54.2%	-18.4%	52.3%	-68.1%	-57.0%	-18.3%	52.3%
Asia Pacific	11.0%	-94.6%	-86.5%	-49.4%	32.6%	-94.7%	-86.8%	-48.8%	32.6%
Europe	18.5%	-83.2%	-73.6%	-29.2%	51.4%	-83.3%	-73.1%	-31.5%	51.4%
Latin America	2.2%	-78.5%	-67.9%	-27.2%	55.3%	-77.7%	-66.6%	-27.6%	55.3%
Middle East	6.9%	-82.3%	-67.6%	-33.9%	40.8%	-83.2%	-67.7%	-37.6%	40.8%
North America	5.5%	-79.0%	-60.5%	-37.8%	42.9%	-79.7%	-61.2%	-38.8%	42.9%
Domestic	54.3%	-47.4%	-30.5%	-19.3%	60.1%	-48.3%	-32.7%	-18.2%	60.1%
Dom. Australia ⁴	0.7%	-81.6%	-77.8%	-13.3%	64.8%	-81.7%	-77.1%	-16.1%	64.8%
Domestic Brazil ⁴	1.6%	-31.4%	-29.4%	-2.4%	81.6%	-32.8%	-29.5%	-4.1%	81.6%
Dom. China P.R. ⁴	19.9%	-33.9%	-15.1%	-18.2%	64.0%	-29.1%	-14.9%	-12.7%	64.0%
Domestic India ⁴	2.1%	-37.6%	-22.5%	-16.8%	69.3%	-38.5%	-23.6%	-16.8%	69.3%
Domestic Japan ⁴	1.5%	-71.3%	-39.9%	-35.0%	31.9%	-72.3%	-40.8%	-36.3%	31.9%
Dom. Russian Fed. ⁴	3.4%	5.5%	-0.7%	4.7%	80.1%	1.2%	-8.4%	7.5%	80.1%
Domestic US ⁴	16.6%	-60.3%	-37.8%	-28.7%	50.5%	-62.6%	-41.0%	-29.2%	50.5%

¹% of industry RPKs in 2020

²Change in load factor vs same month in 2019

³Load factor level

⁴Note: the seven domestic passenger markets for which broken-down data are available account for approximately 46% of global total RPKs and 84% of total domestic RPKs

Note: The total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic.

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