

**18th Maintenance Cost  
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Geneva, Switzerland**



# Industry Outlook: Air Transport in an Uncertain Future

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Economist

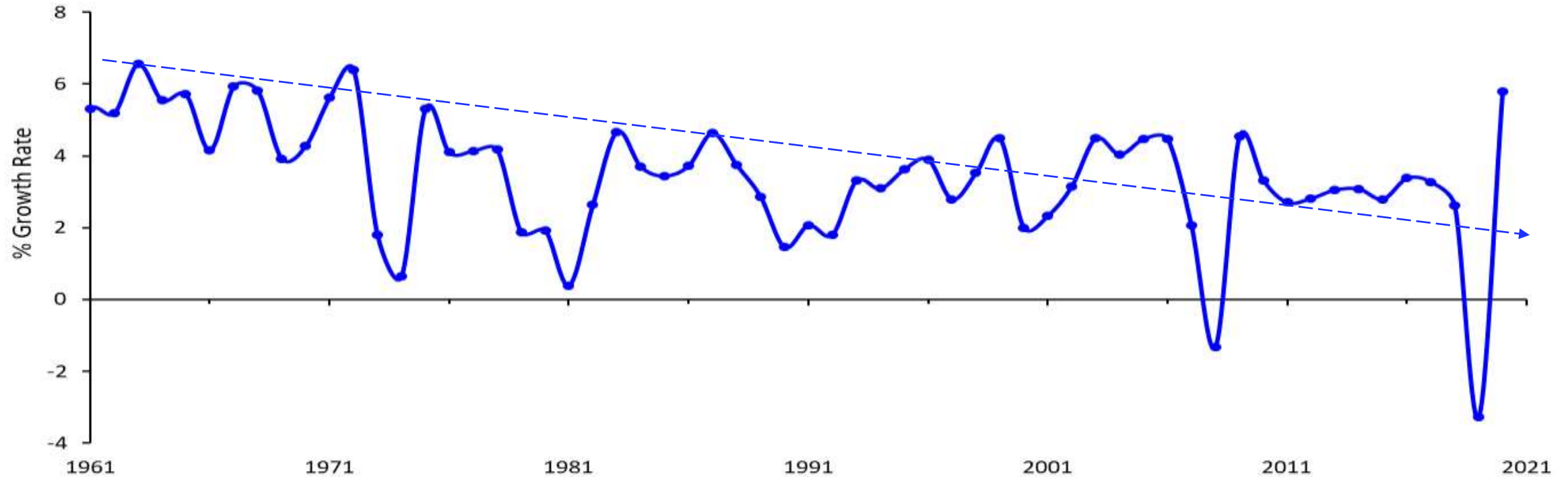
IATA

5 October 2022



# The world economy has been resilient...

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



# 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

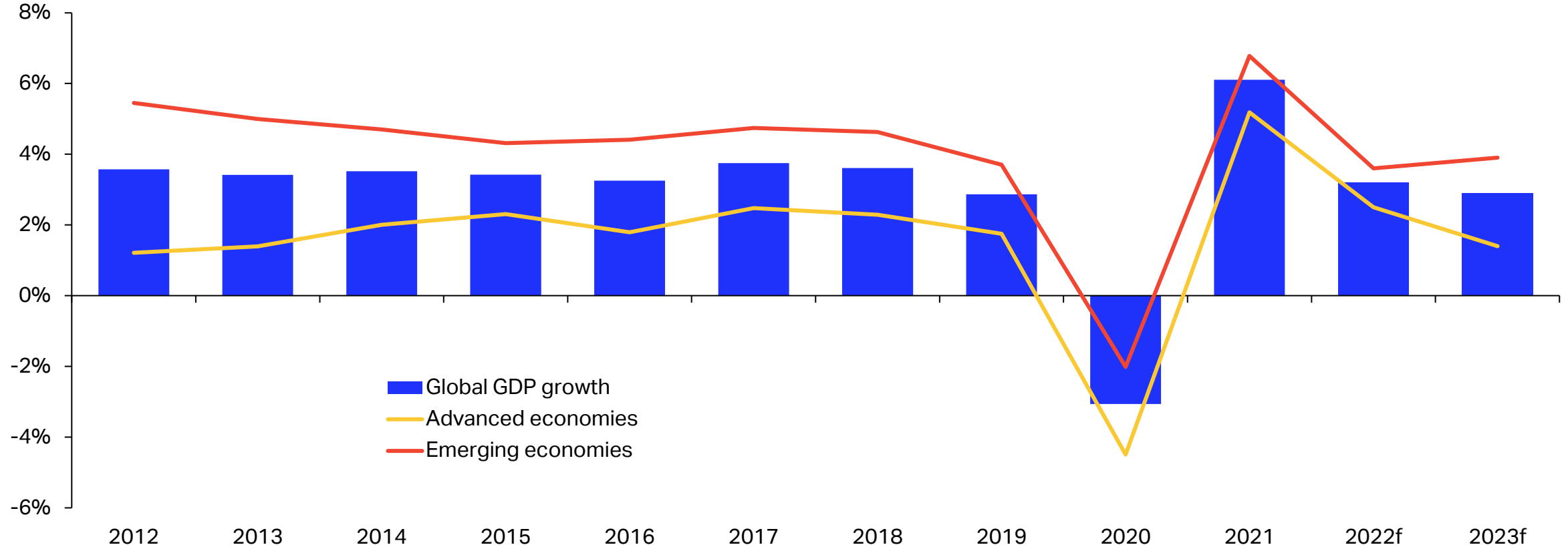
**TAILWIND**



**HEADWIND**

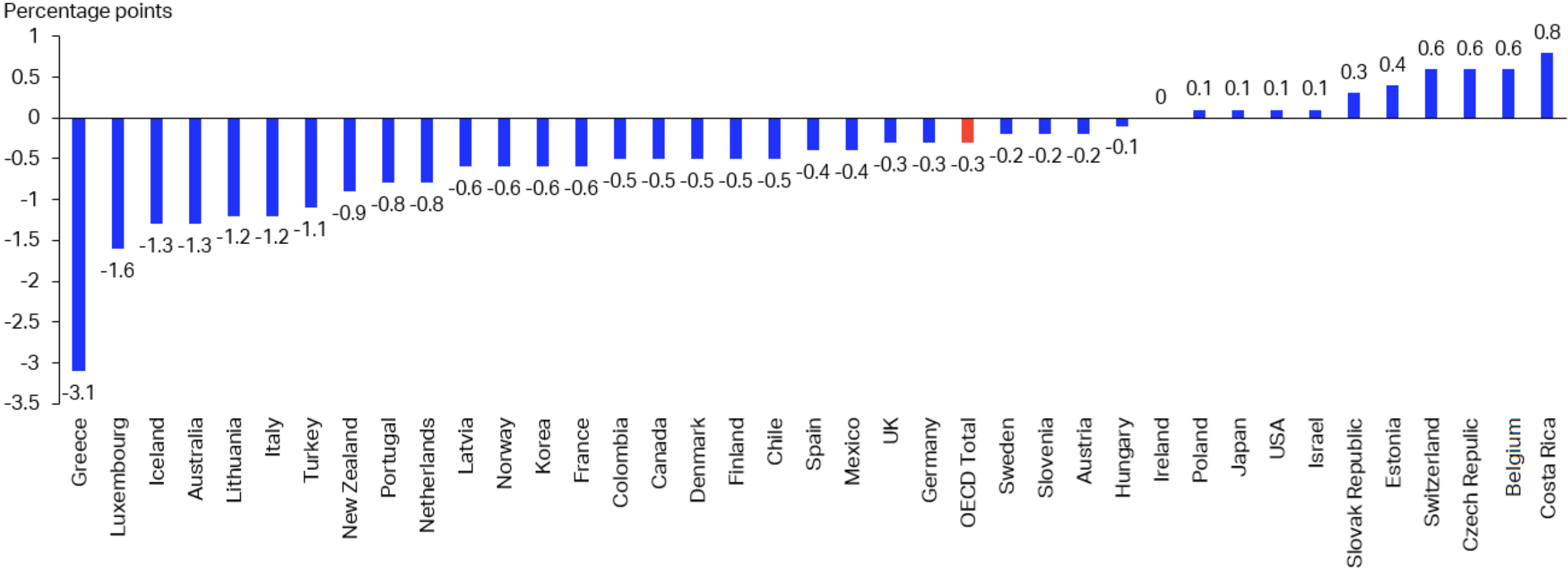
# Slowdown is expected to continue in 2023

Economic growth outlook, % year-on-year



# Low and falling unemployment

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

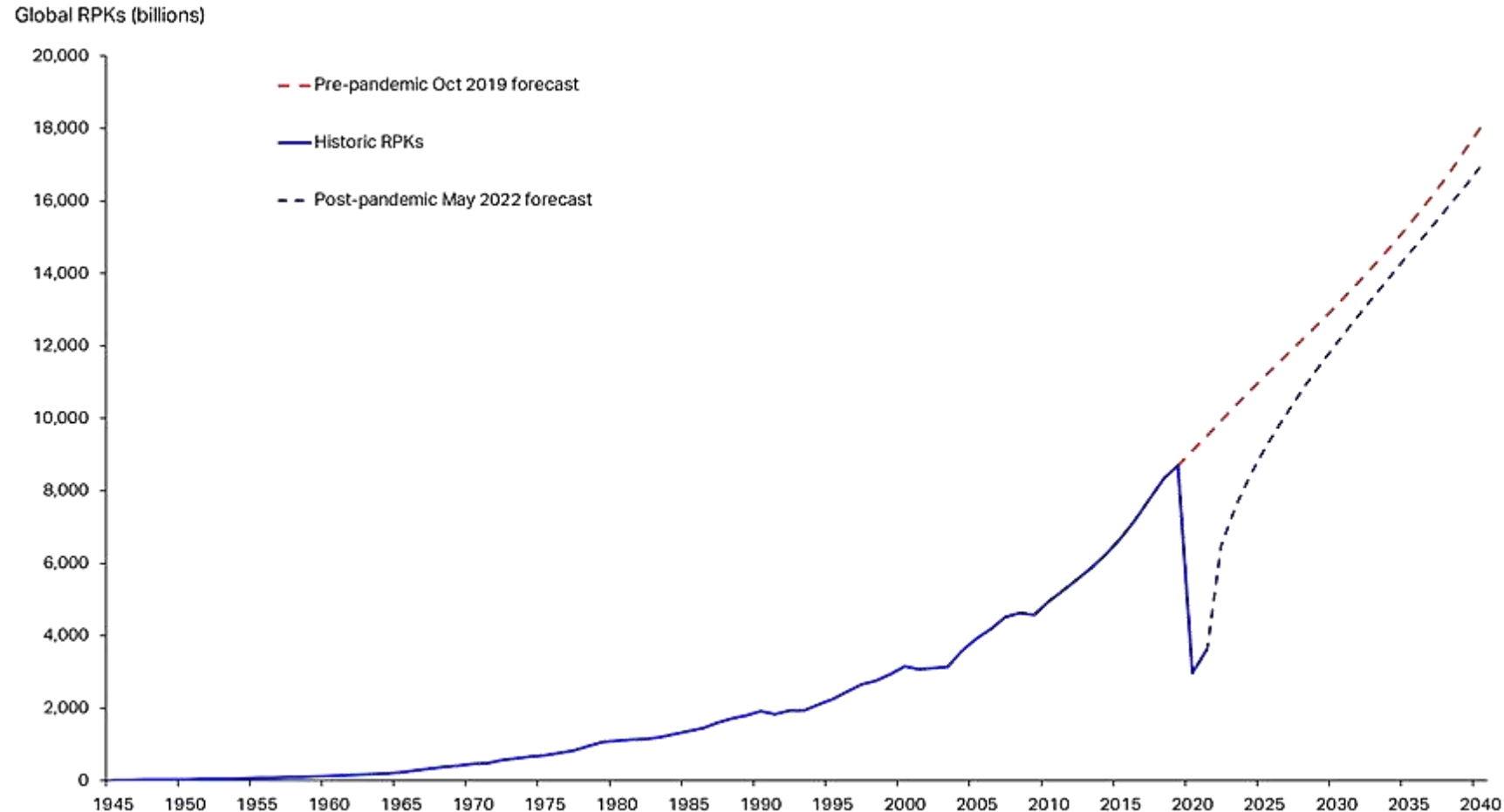


# Our industry



# The greatest shock to aviation in its history

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

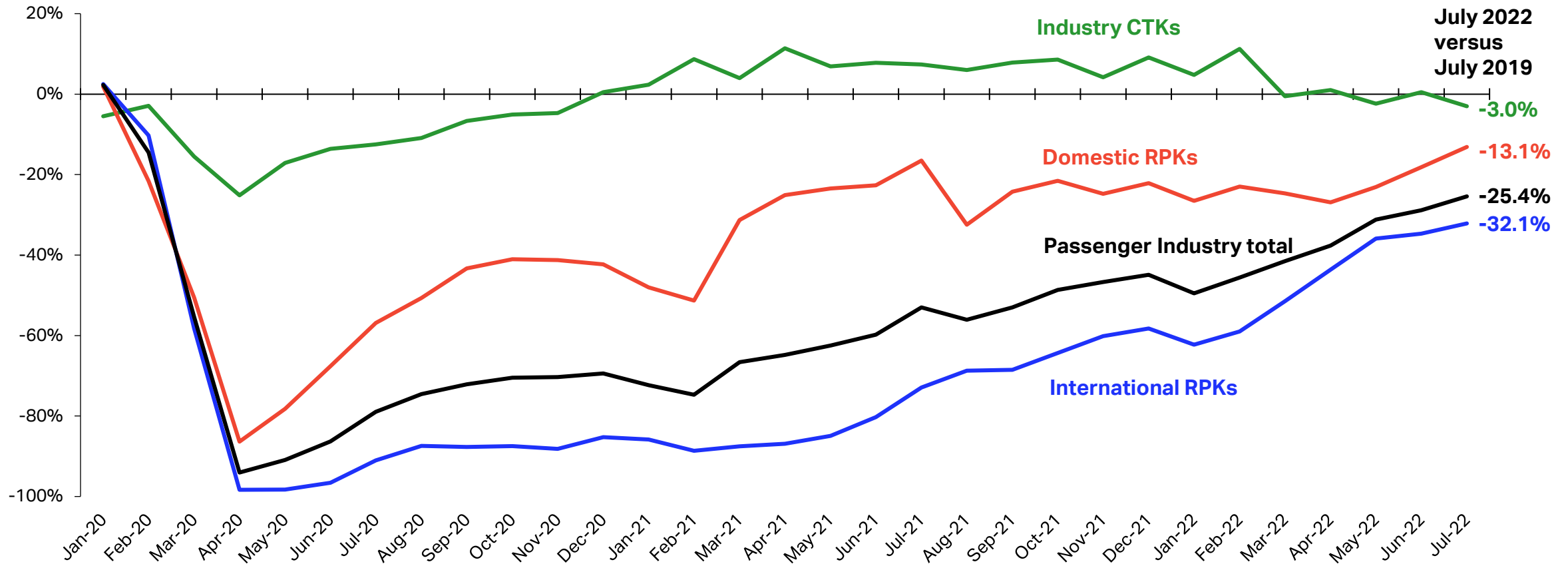


- “Lost” travel between 2020 and 2022 is equivalent to 1.8 x 2019 RPKs.
- In 2040, if our **current forecast** is realized, traffic would still be 6% below our **pre-pandemic forecast**.

# 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

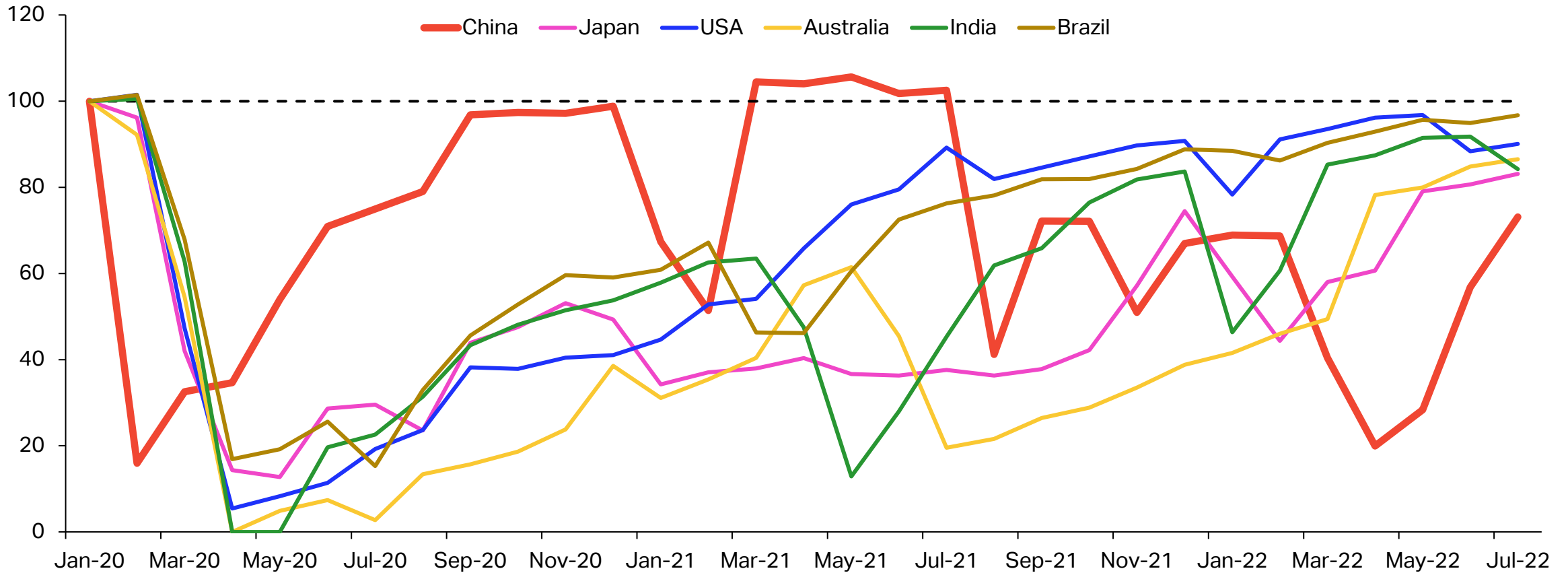




# Strong recovery for major domestic markets

## V-shape recovery for China since May 2022

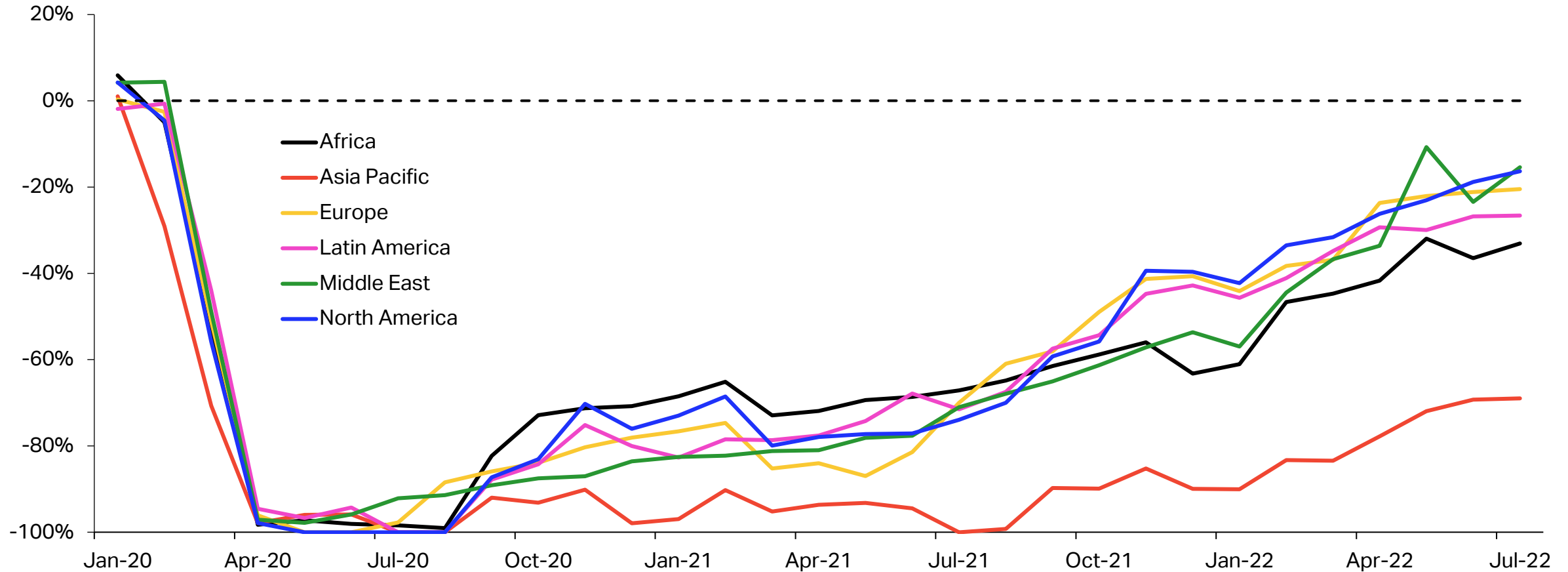
Seasonally adjusted domestic RPKs (indexed to 100 in Jan 2020)



# International traffic on the rise

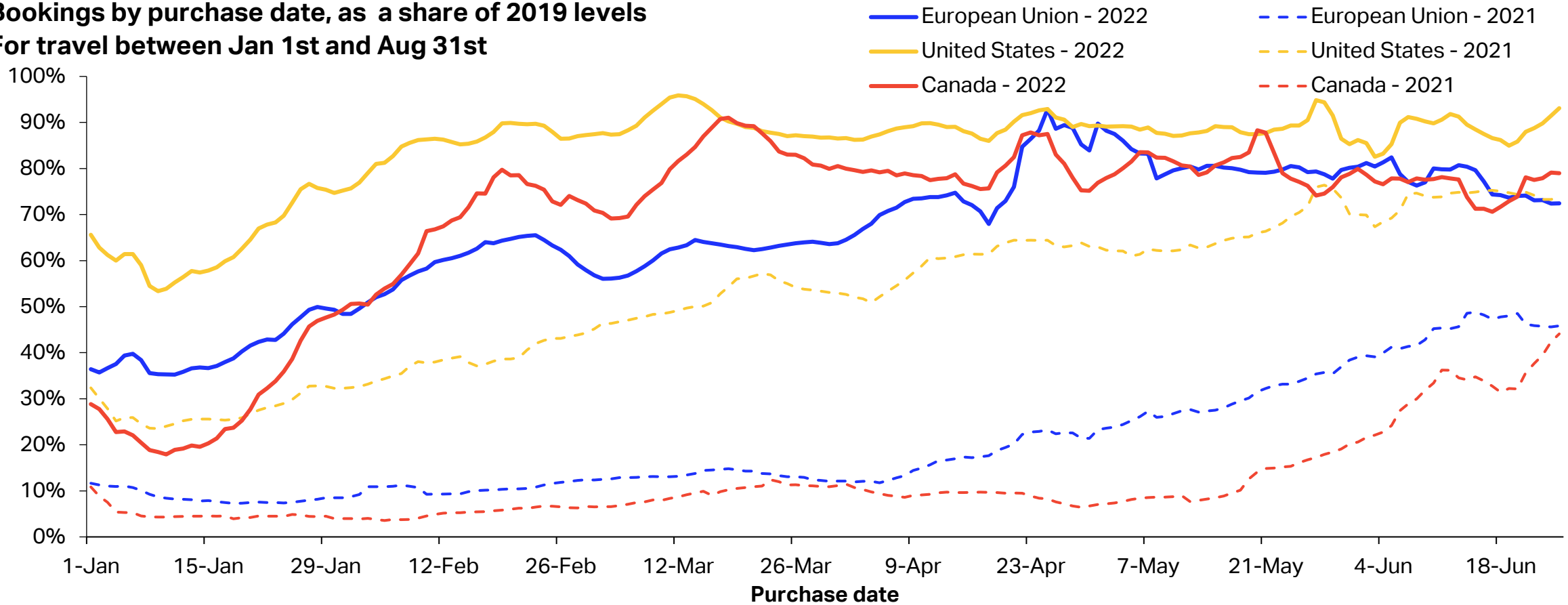
Asia Pacific lags, as uneven travel restrictions remain in the region

Seasonally adjusted international RPKs YoY% change v2019



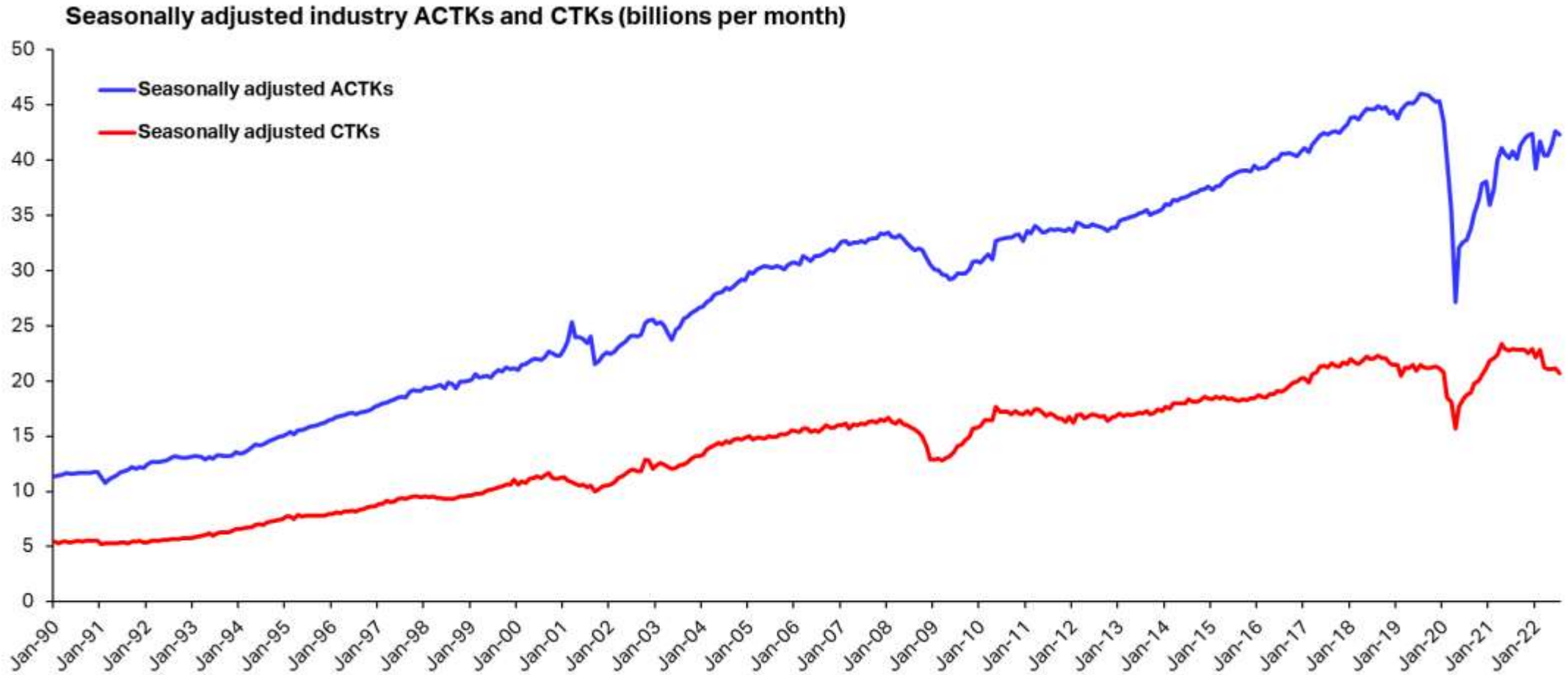
# Challenging passenger demand surge amid wider recovery

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



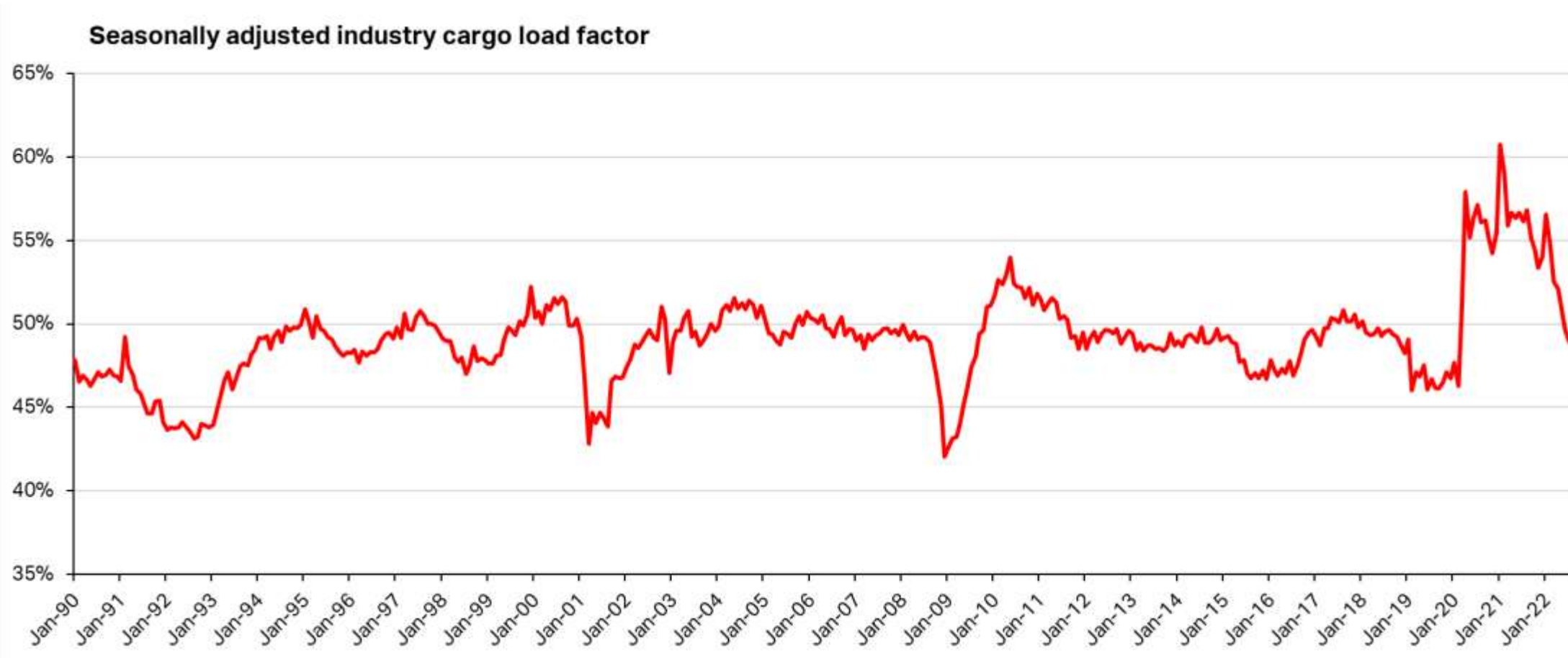
# Cargo Industry Growth Historically

In July 2022, cargo supply remains an upward trend despite a slight decline in demand



# Cargo Industry Load Factor Historically

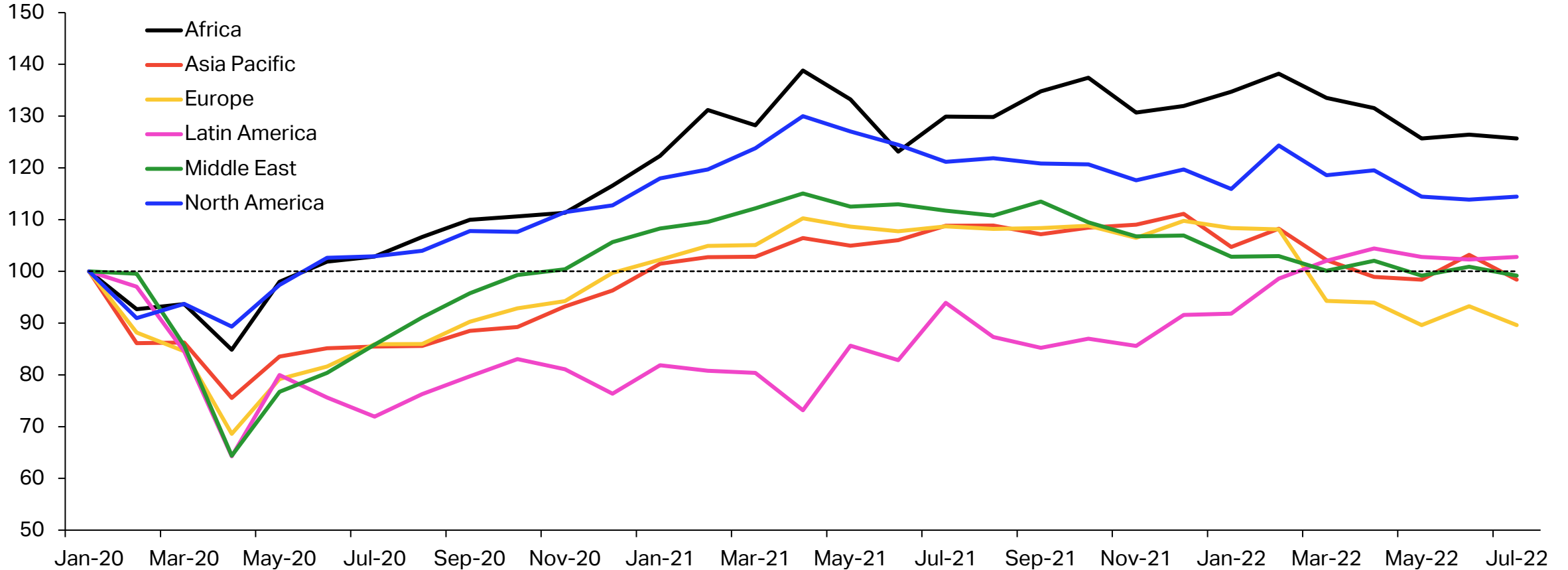
Industry-wide cargo load factor surged during the pandemic while now back to the pre-covid level



# Cargo outcomes divergent across regions

European carriers impacted by the war, remarkable performance in Latin America

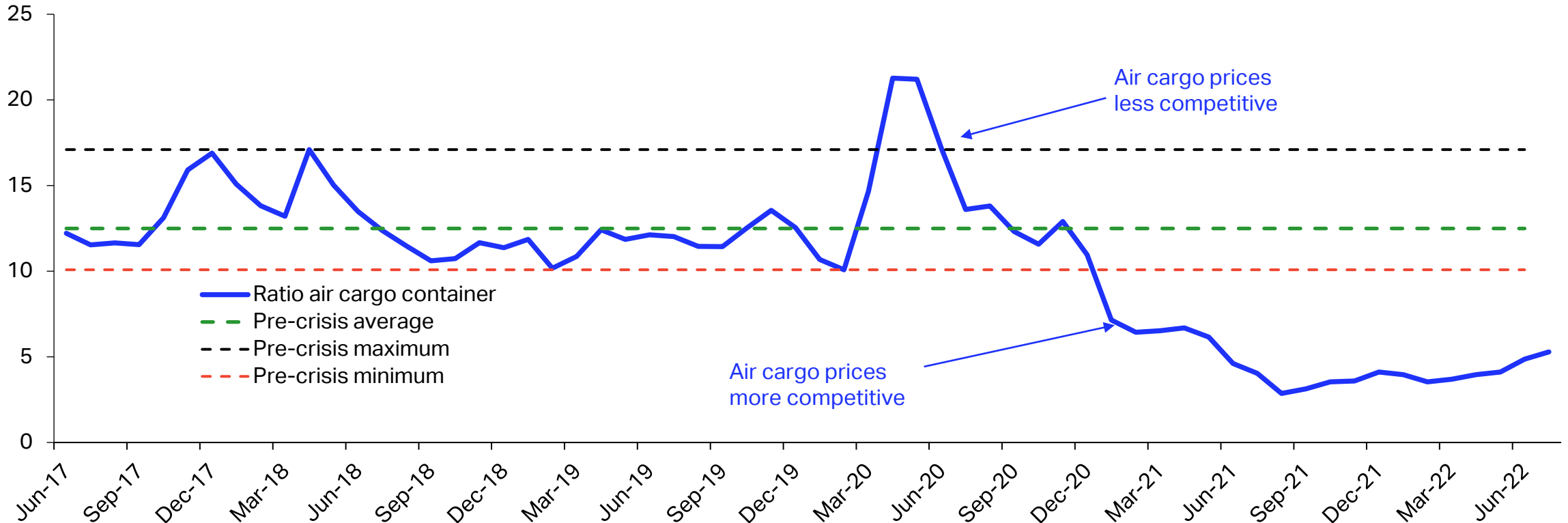
Seasonally adjusted international CTKs (indexed, 100 in Jan 2020)



# 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



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

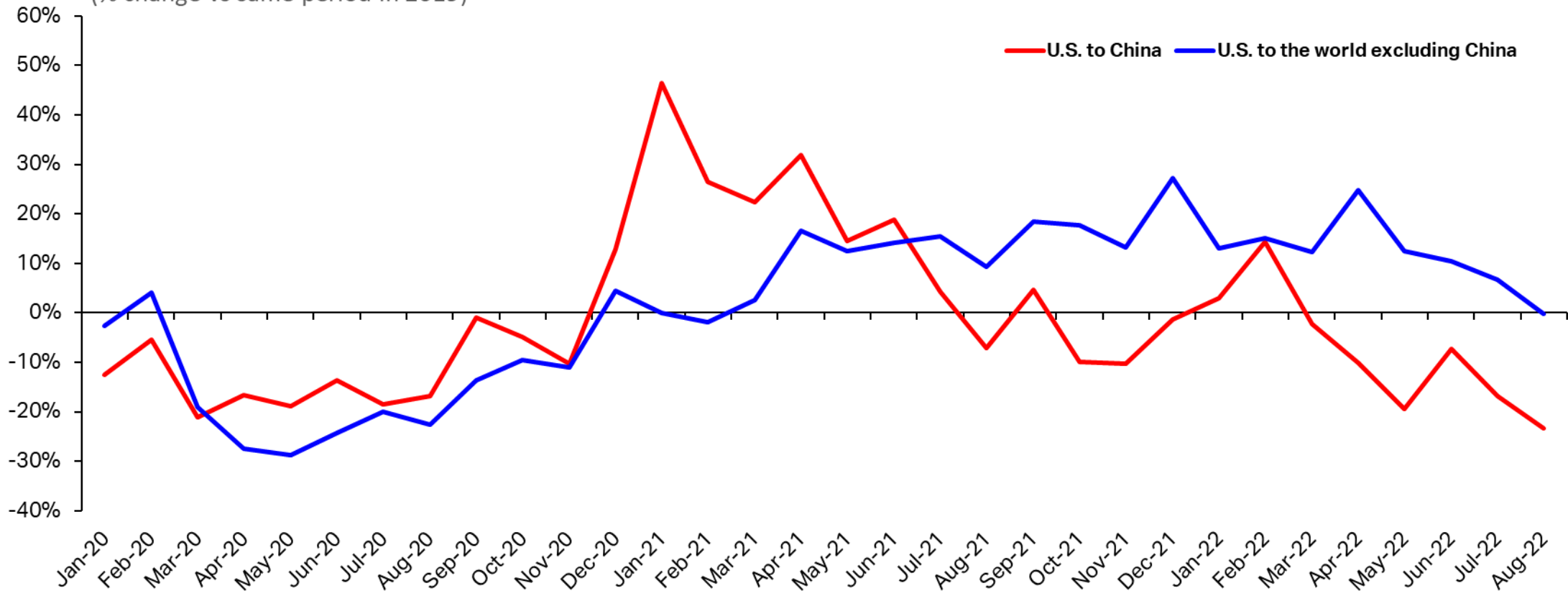
Global air cargo yield and industry-wide load factor





# The U.S. – China relationship shadows air cargo growth between the two countries

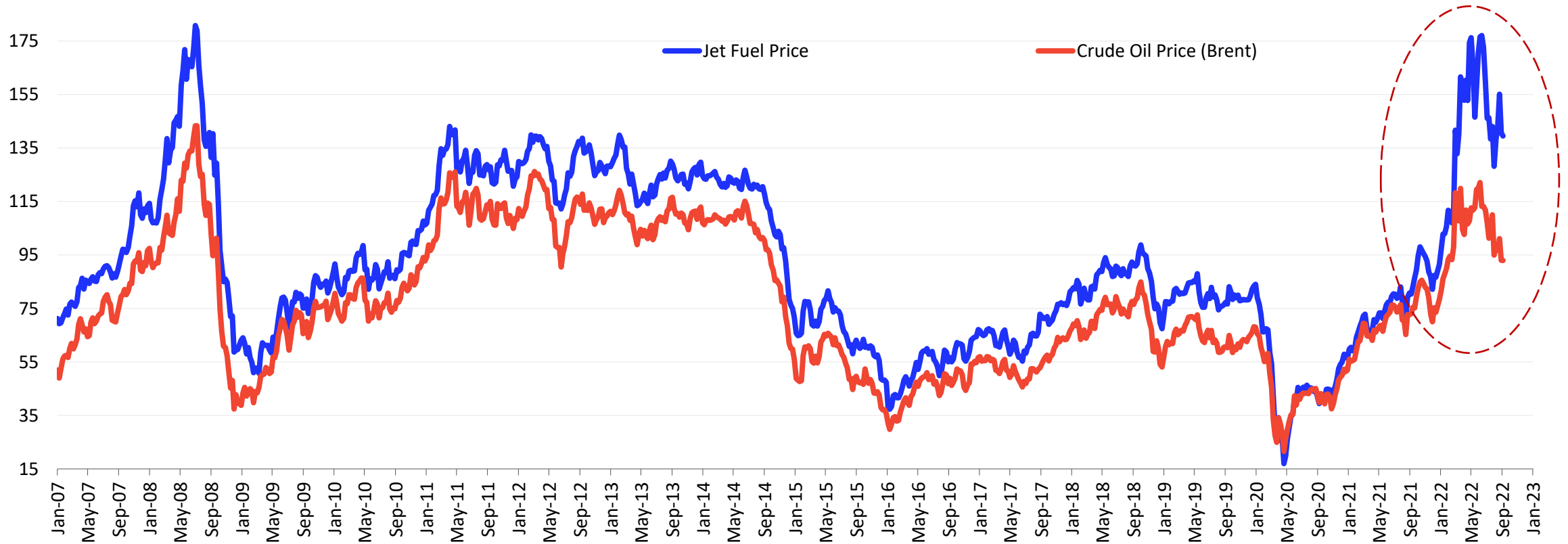
CTKs from the U.S. to China versus from the U.S. to the rest of the world  
(% change vs same period in 2019)



# Pressures on operating costs remain

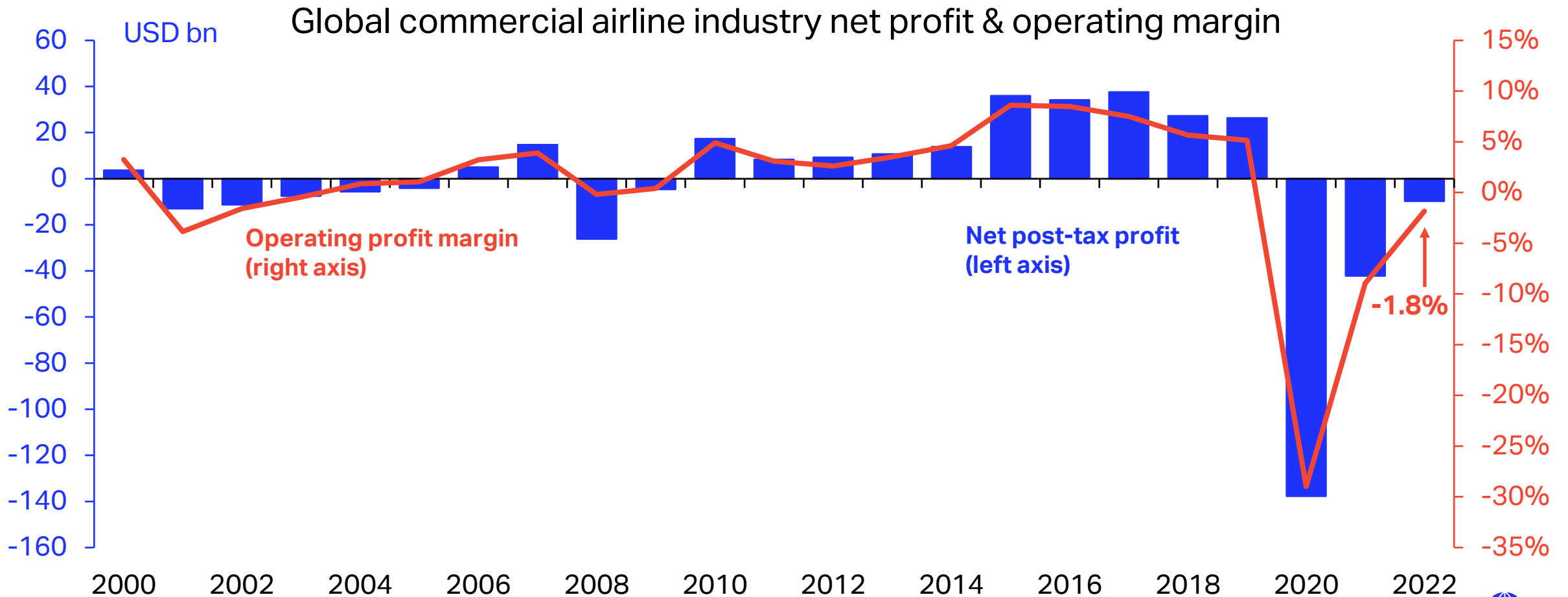
Brent averaged USD 106.7/bbl in July, crack spread still unusually wide

Jet Fuel & Crude Oil Price (\$/barrel)



# Financial performance improves to – USD 9.7bn

## Highlighting the resilience of the industry



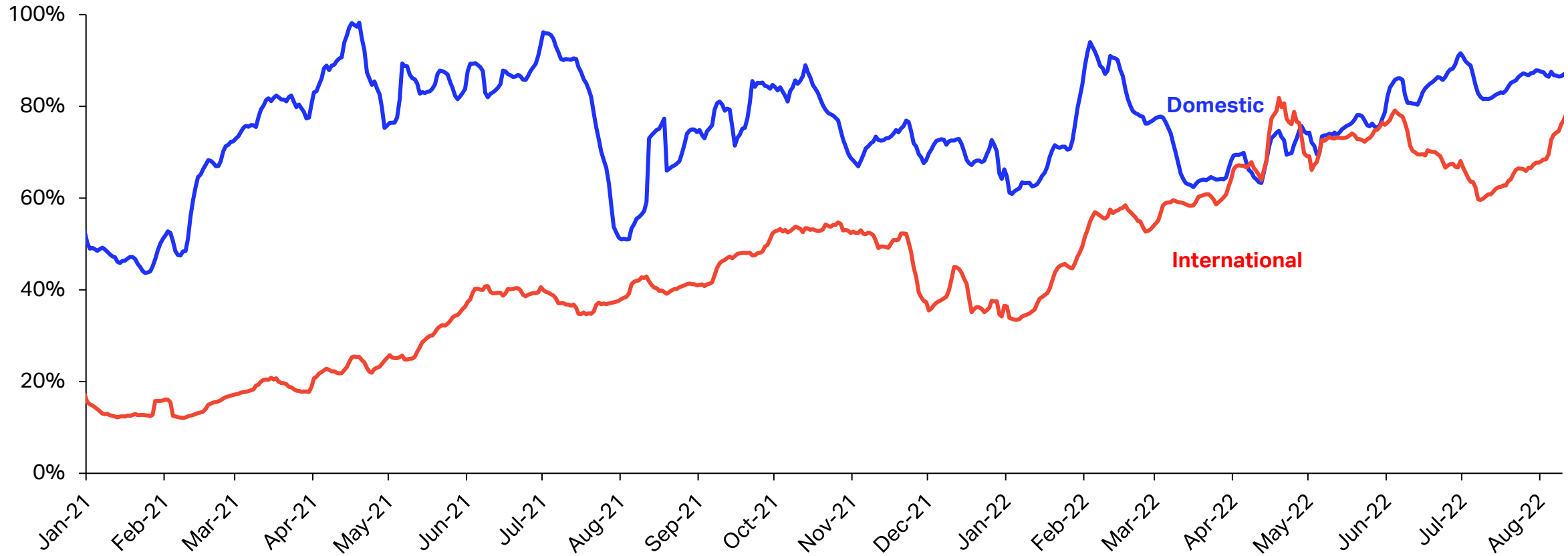
Source: IATA Economics.



# Forward bookings give a positive outlook

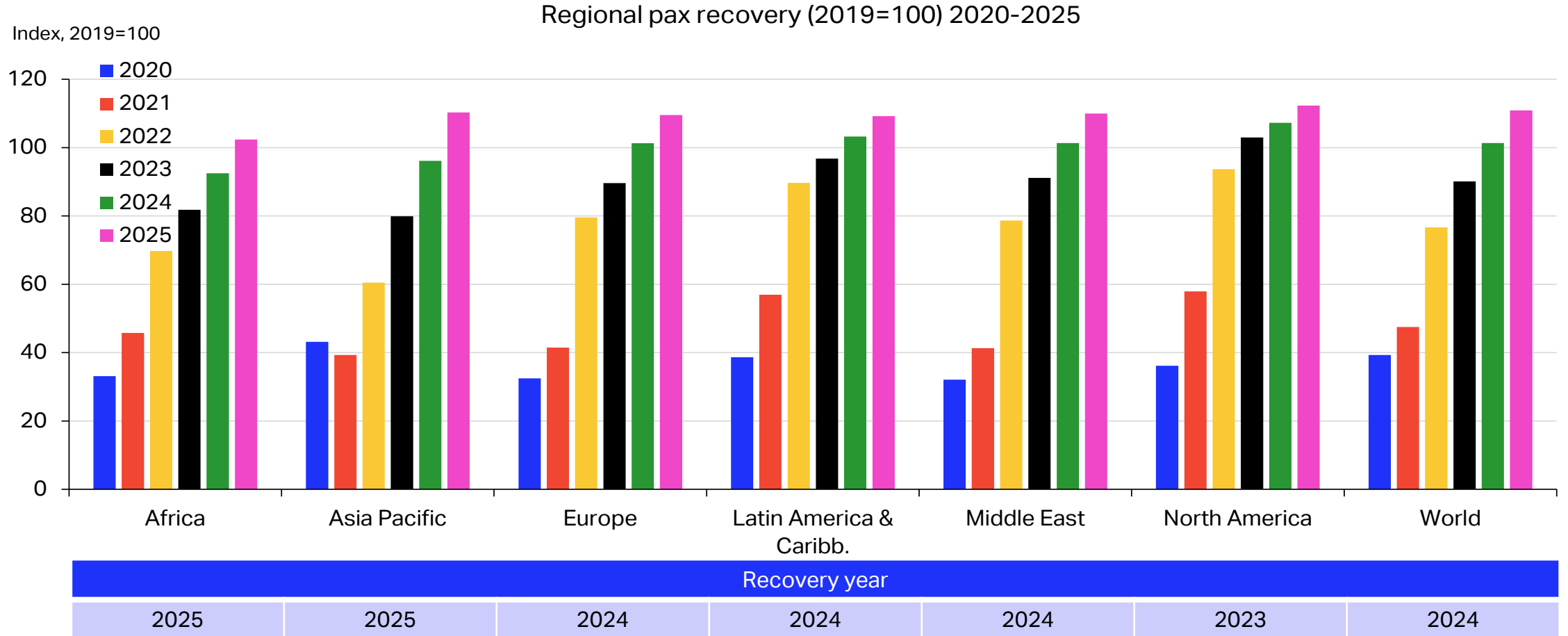
## Domestic steadying, international accelerating

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



# Asia Pacific will lag other regions in recovery

## North America to recover in 2023, Industry-wide recovery in 2024



Source: IATA Economics, Tourism Economics – Air Passenger Forecast September 2022

# Thank you!

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