

Week Twenty

Nearly Sixty Airlines Relaunch Services This Week

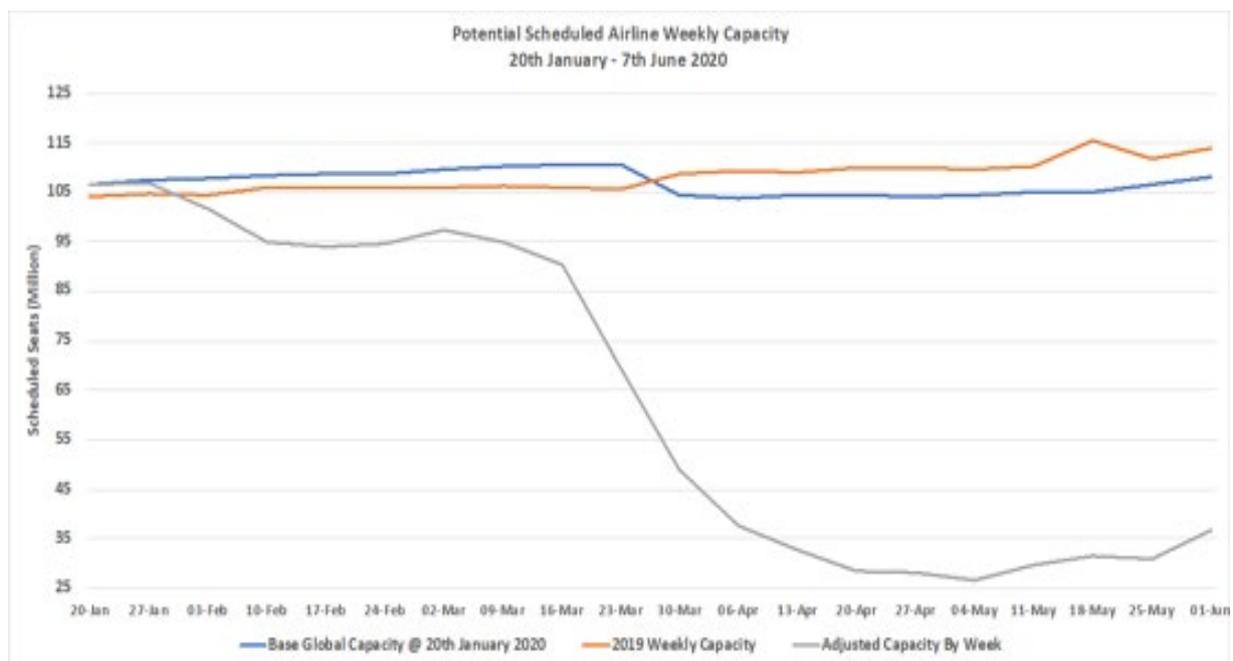
01 June 2020, Source: OAG

It's been a good week for scheduled airline capacity with nearly sixty airlines relaunching services; as we predicted last week everyone was just waiting for June! Those airlines range from the global; welcome back Turkish Airlines, the regional such as Transavia.com and the essential such as Pacific Coastal Airlines. Fingers crossed for each and every one of those reopening this week.

Global capacity has bounced into June with 5.7 million seats added week on week, some 267,000 additional flights are scheduled to operate this week representing a near 16% increase on last week through a combination of the returning carriers and some capacity growth. Capacity however does remain 66% below the levels filed last year as the chart below highlights but 36.7 million seats and breaking through the 35 million mark feels positive.

Demand now becomes the crucial issue for all airlines in the recovery phase and again there are indications of some growth in search and booking activity in both the Chinese domestic market and indeed Europe and particularly Italy. Despite that demand interest we should not be surprised to see short notice cancellations and capacity adjustments in the coming weeks; flying empty is in many cases worse than flying at all!

Chart 1 – Scheduled Airline Capacity by Week Compared to Schedules Filed on 20th January 2020 & Previous Year



Source: OAG

Capacity increased across the majority of the major regional markets with only South East Asia and Lower South America reporting week on week reductions. Both the Middle East and Central America regions saw capacity double week on week. In the case of the Middle East the reopening of Saudi Arabia where twenty-eight airlines will supply some 290,000 from a zero-based position last week. Whilst in Central America, both Vivaaerobus and Volaris have more than doubled capacity week on week.

North East Asian capacity is now “only” 37% below January’s level with domestic capacity at 80% of the previous norm whilst international capacity remains at just 13% of the historic levels as continued travel bans, particularly in China delay any recovery in that segment.

Table 1 – Scheduled Airline Capacity by Region

Region	20-Jan	18-May	25-May	01-Jun	% Change Week on	% Change V's 20th
					Week	Jan
Asia : North East Asia	25,178,594	14,366,502	14,643,883	15,824,390	8.1%	-37.2%
North America	22,642,901	5,491,486	5,567,574	6,481,246	16.4%	-71.4%
Asia : South East Asia	10,859,543	3,110,297	3,142,173	4,508,958	43.5%	-58.5%
Europe: Western Europe	18,380,638	1,596,428	1,784,196	2,510,672	40.7%	-86.3%
Asia : South Asia	5,159,758	3,157,907	1,895,320	1,660,177	-12.4%	-67.8%
Europe: Eastern/Central Europe	3,700,200	1,169,954	1,232,584	1,626,769	32.0%	-56.0%
MiddleEast	4,928,896	829,234	644,973	1,467,218	127.5%	-70.2%
Latin America : Central America	2,437,343	307,708	312,797	702,085	124.5%	-71.2%
Southwest Pacific	2,835,574	363,457	425,905	437,048	2.6%	-84.6%
Latin America : Lower South America	4,033,676	298,667	377,261	313,284	-17.0%	-92.2%

Source: OAG

With the top ten country market sizes largely unchanged compared to last week we have taken a look at the fastest growing major markets. Not surprisingly Saudi Arabia and Poland top the list from their zero-based position while Qatar, Turkey, Mexico and the Philippines have all more than doubled the levels of weekly capacity available

Table 2- Scheduled Capacity, Top 10 Country Markets

Country	20-Jan	18-May	25-May	01-Jun	% Change Week on	% Change V's 20th
					Week	Jan
Saudi Arabia	1,344,926	0	0	290,126		-78.4%
Poland	474,627	0	0	139,064		-70.7%
Qatar	536,149	92,600	63,748	341,162	435.2%	-36.4%
Turkey	1,923,537	50,551	113,926	525,039	360.9%	-72.7%
Philippines	1,226,348	50,752	51,720	182,268	252.4%	-85.1%
Mexico	1,914,201	238,576	242,483	627,531	158.8%	-67.2%
Thailand	2,091,378	179,921	159,979	309,587	93.5%	-85.2%
Canada	1,884,093	214,910	210,879	348,560	65.3%	-81.5%
Viet Nam	1,563,531	746,230	780,303	1,153,551	47.8%	-26.2%
France	1,832,063	117,829	126,081	176,506	40.0%	-90.4%
Indonesia	3,144,407	1,884,330	1,937,724	2,602,610	34.3%	-17.2%

Source: OAG

The top ten airlines remain very similar to previous weeks but on a positive note nine of the ten increased capacity week on week as confidence continues to come back to the market. China Southern Airlines addition of some 300,000 additional seats week on week is purely across their domestic network which now accounts for over 99% of all their flying.

Table 3- Scheduled Capacity, Top 10 Airlines

Airlines	20-Jan	18-May	25-May	01-Jun	% Change Week on	% Change V's 20th
					Week	Jan
China Southern Airlines	2,877,703	1,656,669	1,759,989	2,059,744	17.0%	-28.4%
China Eastern Airlines	2,715,809	1,553,542	1,589,270	1,742,336	9.6%	-35.8%
Southwest Airlines	3,788,421	1,537,166	1,559,135	1,677,916	7.6%	-55.7%
American Airlines	4,806,847	1,291,739	1,289,250	1,487,225	15.4%	-69.1%
Air China	1,881,825	961,841	1,116,565	1,232,126	10.3%	-34.5%
All Nippon Airways	1,374,456	1,112,306	1,111,470	1,066,716	-4.0%	-22.4%
Delta Air Lines	4,532,316	834,193	838,026	1,002,238	19.6%	-77.9%
Wizz Air	696,706	646,041	639,701	805,059	25.8%	15.6%
Xiamen Airlines Company	850,855	704,409	716,524	723,901	1.0%	-14.9%
Qatar Airways	979,915	143,976	110,835	678,320	512.0%	-30.8%

Source: OAG

The first week of June may be a turning point for the industry in terms of capacity but we need to remain very cautious about the outlook for the summer. With uncertainty remaining and traveller confidence yet to be restored there is a lot of factors outside the airlines control that will continue to affect demand and ultimately capacity. Taking just one market example, in the United Kingdom some 7.8 million seats have been removed by airlines in the last two weeks through to the end of July and as each week passes, we expect to see further adjustments in all markets.

Air bridges, corridors and bubbles may be interesting discussions and capture the interest of the regulators and public; sadly, they only offer partial solutions for airlines and airports. Only as and when we are able to connect domestic and international markets will we begin to see a return to the levels that we once enjoyed; but that may still be a long way away.