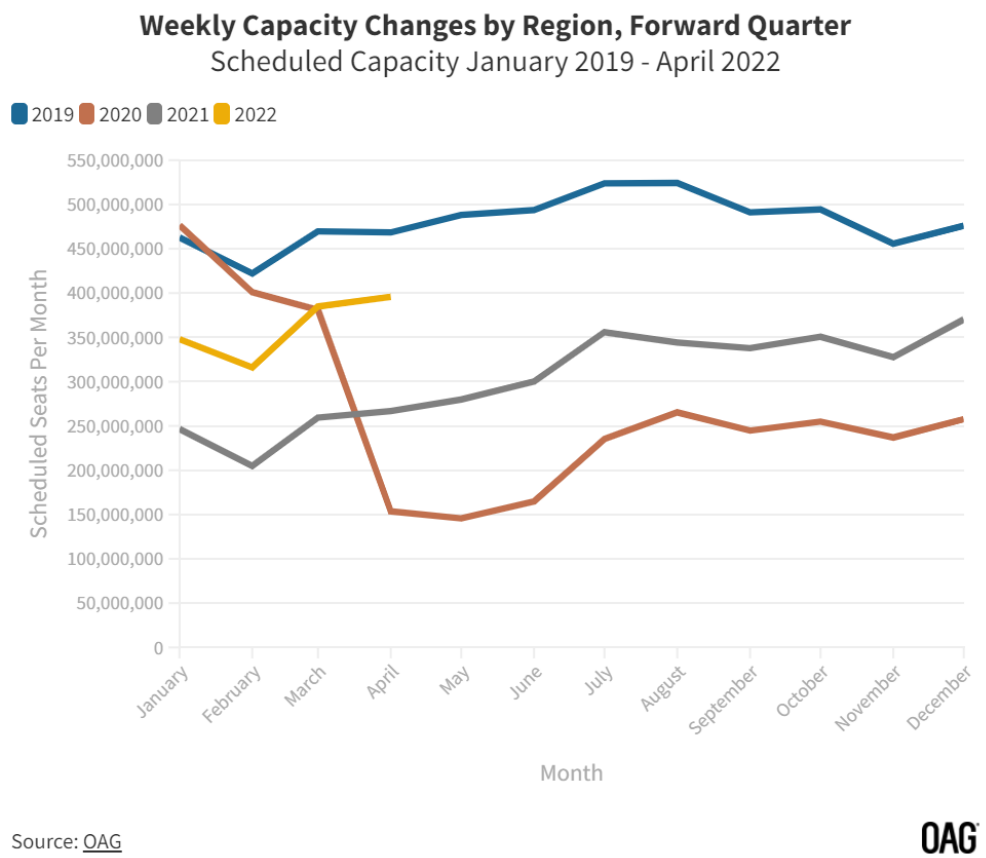
Major European Markets Double in Size as Storm Eunice Hits

OAG,21 February 2022

The last two years have challenged the airline industry in so many different ways - incredible network planning, financial engineering and then re-engineering, and of course considerable disruption to thousands of careers and businesses. The professionalism of the industry has never been in doubt but last Friday's events in Europe where aircraft were landing into some of the strongest winds recorded were incredible; to those that were handling the aircraft well done, to those sitting further back, phew! In so many ways those images that travelled around the globe reflect the skill and robustness of an industry that has been stressed and tested.

The big story last week was of course **Storm Eunice**, or at least it was in Europe. Elsewhere **Singapore** announced the introduction of more Vaccination Travel Lanes (VTL's), Malaysia moved forward with its reopening, new aircraft orders were placed at the Singapore air show and Air France/KLM announced an unexpectedly strong set of Q3 results with an expectation that Q4 results will be "very good as well". It seems like we are all on a positive path to recovery and the increases in global seats would tend to support that feeling.

For the first time in living memory, or at least the last two years there were more seats added on the rolling three-month basis than removed with a net increase of just over 780,00 all of which is based on an additional 4.1 million seats added for April. That growth in airline capacity is, of course, all based around the reopening of major markets in nearly all parts of the world - although as we will see later North East Asia remains stubbornly locked down with no signs of a change to those conditions.



Another 3.7 million seats were added this week across the globe as the recovery appears to gather strength every week. The two largest growth regions were in South and North East Asia with Central Europe in third place. In absolute numbers then North East Asia with 1.5 million additional week-on-week seats leads the way with Western Europe growing by some 880,000 and then South East Asia reporting growth of just over half a million in the last seven days. In fact, only lower South America reported any significant reduction in capacity with 173,000 seats dropped most of which were from the Brazilian market.

As we enter a period of comparison versus two years earlier, as noted **last week** there are wide variations in percentage recoveries. For instance, North East Asia looks very positive with 63% growth in capacity versus two years ago, whilst the Southwest Pacific region remains at -43% against the same moment in time. All of which highlights that no two markets anywhere in the world applied similar restrictions on travel at the same time and that each country continues with its own unique experience within a global pandemic.

Perhaps the most positive takeaway from this week's data, and we like to be positive where we can, despite what colleagues say, is that year-on-year capacity is up by 31.8 million or 60%; in the dark moments of last year that may have seemed a long way from being possible.

Scheduled Airline Capacity by Region

Region	24-Feb-20	22-Feb-21	21-Feb-22	28-Feb-22	% Change Week on Week	% Change V's 22nd Feb 2021	% Change V's W/C 24th February 2020
North America	23,536,152	12,646,280	20,639,101	20,589,389	-0.2%	62.8%	-12.5%
Asia : North East Asia	12,520,404	16,945,598	18,926,198	20,462,725	8.1%	20.8%	63.4%
Europe : Western Europe	19,904,548	4,093,179	13,735,113	14,615,006	6.4%	257.1%	-26.6%
Asia : South East Asia	9,773,772	4,199,812	5,151,134	5,656,390	9.8%	34.7%	-42.1%
Asia : South Asia	5,244,353	3,635,055	4,277,331	4,569,670	6.8%	25.7%	-12.9%
Middle East	4,918,056	2,178,425	3,633,323	3,770,796	3.8%	73.1%	-23.3%
Europe : Eastern/Central Europe	3,753,658	1,583,145	2,823,503	3,058,213	8.3%	93.2%	-18.5%
Latin America : Lower South America	3,664,808	1,943,948	2,957,591	2,784,589	-5.8%	43.2%	-24.0%
Latin America : Central America	2,457,699	1,554,474	2,238,749	2,331,011	4.1%	50.0%	-5.2%
Latin America : Upper South America	1,736,932	809,598	1,714,750	1,766,155	3.0%	118.2%	1.7%
Southwest Pacific	2,732,593	1,286,123	1,502,527	1,556,058	3.6%	21.0%	-43.1%
Africa : North Africa	1,039,678	411,306	813,521	870,919	7.1%	111.7%	-16.2%
Latin America : Caribbean	1,029,446	507,961	830,485	833,379	0.3%	64.1%	-19.0%
Africa : Central/Western Africa	655,100	379,811	642,085	653,501	1.8%	72.1%	-0.2%
Africa : Eastern Africa	750,009	445,227	566,668	585,015	3.2%	31.4%	-22.0%
Africa : Southern Africa	771,001	298,792	478,289	501,622	4.9%	67.9%	-34.9%
Asia : Central Asia	342,757	181,397	311,284	310,314	-0.3%	71.1%	-9.5%
Grand Total	**94,830,966**	**53,100,131**	**81,241,652**	**84,914,752**	**4.5%**	**59.9%**	**-10.5%**

Source: OAG

Apart from the capacity reductions in Brazil the only other top twenty country market to report a week-on-week capacity cut is the United States with nearly 50,000 fewer seats reported or a minor 0.2% cut; hardly worth worrying about when compared to the swings that we have seen in the last two years. Continued strong growth in both Spain and the United Kingdom puts the two countries into 5th and 6th positions respectively with the UK just nudging ahead of Indonesia on the basis of both British Airways and Ryanair adding back more seats this week; a legacy and low-cost carrier working together in the national interest…probably not!

Taking advantage of how dire the capacity situation was this time last year provides some great sound or more accurately word bites. The UK market is now over five times larger than it was this time last year, Italy is over four times larger and Germany three times bigger than the same week last year. Those types of numbers are hopefully "once in a lifetime" type quotes but reflect how strong the bounce back is becoming and of course the success of **vaccinations** around the world.

The top twenty country listing is beginning to look very similar to the listing from February 2019, only two countries listed in 2019 remain outside of the current top twenty; Thailand (currently 21st) and South Korea (currently 22nd) with Thailand looking capable of catching Colombia in the next few weeks. Unfortunately for South Korea unless China or Japan change their current restrictive travel requirements re-entering the top twenty will be very difficult.

Scheduled Capacity, Top 20 Country Markets

Country	24-Feb-20	22-Feb-21	21-Feb-22	28-Feb-22	% Change Week on Week	% Change V's 22nd Feb 2021	% Change V's W/C 24th February 2020
USA	21,568,208	12,287,146	19,517,134	19,389,650	-0.7%	57.8%	-10.1%
China	5,997,014	13,553,929	15,183,213	16,669,769	9.8%	23.0%	178.0%
India	4,365,651	3,064,327	3,545,209	3,817,781	7.7%	24.6%	-12.5%
Japan	3,796,155	1,890,888	2,132,717	2,200,060	3.2%	16.4%	-42.0%
Spain	2,527,903	514,404	1,996,673	2,145,279	7.4%	317.0%	-15.1%
United Kingdom	3,016,023	310,535	1,899,357	2,020,137	6.4%	550.5%	-33.0%
Indonesia	3,199,359	1,904,665	1,923,062	2,002,527	4.1%	5.1%	-37.4%
Russian Federation	2,132,320	1,468,231	1,891,091	1,973,056	4.3%	34.4%	-7.5%
Brazil	2,469,865	1,508,013	2,055,471	1,939,395	-5.6%	28.6%	-21.5%
Mexico	1,937,065	1,311,213	1,802,456	1,889,273	4.8%	44.1%	-2.5%
France	1,954,137	549,259	1,507,728	1,563,797	3.7%	184.7%	-20.0%
Turkey	1,866,512	947,073	1,486,975	1,525,453	2.6%	61.1%	-18.3%
Germany	2,698,162	351,308	1,362,900	1,525,145	11.9%	334.1%	-43.5%
Italy	1,836,326	286,918	1,382,156	1,508,882	9.2%	425.9%	-17.8%
Canada	1,957,573	350,271	1,111,339	1,189,565	7.0%	239.6%	-39.2%
Australia	1,974,798	860,629	1,124,300	1,156,197	2.8%	34.3%	-41.5%
United Arab Emirates	1,448,852	587,885	1,080,167	1,137,692	5.3%	93.5%	-21.5%
Viet Nam	1,299,307	1,237,842	1,073,974	1,087,513	1.3%	-12.1%	-16.3%
Saudi Arabia	1,333,385	662,139	1,016,189	1,044,215	2.8%	57.7%	-21.7%
Colombia	888,461	484,748	961,717	1,010,642	5.1%	108.5%	13.8%

Source: OAG

Another 10% capacity growth week-on-week from Ryanair moves the carrier into the top five global airlines from a capacity perspective and when looking back twelve months the airline operated just 142,000 seats then their recovery has been nothing short of amazing. However, it's very unlikely that Ryanair will ever break into the top four group of US carriers who remain at least in size some way ahead of all others.

Further down the list of carriers is Indigo who again added 17% capacity week on week. Since the beginning of the month the carrier has added back some 262,000 seats and increased capacity by over 20%. At the same time Air India the newly purchased TATA asset maintained the same level of capacity; Indigo are now over four and a half times larger in terms of weekly capacity and continue to pull away from the former stateowned carrier; the new CEO appointed last week has a task and a half on with that one!

Top 20 Scheduled Airlines

Airline	24-Feb-20	22-Feb-21	21-Feb-22	28-Feb-22	% Change Week on Week	% Change V's 22nd Feb 2021	% Change V's W/C 24th February 2020
American Airlines	5,054,788	2,905,991	4,687,107	4,728,685	0.9%	62.7%	-6.5%
Delta Air Lines	4,554,516	2,904,206	3,854,035	3,837,321	-0.4%	32.1%	-15.7%
Southwest Airlines	3,801,562	2,093,880	3,670,806	3,553,141	-3.2%	69.7%	-6.5%
United Airlines	3,718,621	1,940,306	3,243,780	3,247,061	0.1%	67.3%	-12.7%
Ryanair	2,518,614	142,326	2,513,394	2,762,370	9.9%	1840.9%	9.7%
China Southern Airlines	586,341	1,944,843	2,519,211	2,741,197	8.8%	40.9%	367.5%
China Eastern Airlines	532,534	1,926,106	2,296,322	2,416,571	5.2%	25.5%	353.8%
Air China	739,142	1,234,742	1,544,472	1,775,887	15.0%	43.8%	140.3%
IndiGo	1,889,730	1,528,434	1,503,014	1,765,442	17.5%	15.5%	-6.6%
LATAM Airlines Group	1,821,701	784,221	1,733,310	1,674,915	-3.4%	113.6%	-8.1%
Turkish Airlines	1,621,302	749,624	1,383,718	1,420,863	2.7%	89.5%	-12.4%
Easyjet	1,901,868	172,650	1,383,442	1,409,148	1.9%	716.2%	-25.9%
JetBlue Airways Corporation	1,026,358	590,700	1,076,054	989,522	-8.0%	67.5%	-3.6%
Emirates	1,439,835	452,595	925,961	962,738	4.0%	112.7%	-33.1%
Spirit Airlines	891,692	568,654	958,556	926,857	-3.3%	63.0%	3.9%
Alaska Airlines	1,098,704	787,805	943,404	922,657	-2.2%	17.1%	-16.0%
Deutsche Lufthansa AG	1,646,117	234,973	836,259	900,103	7.6%	283.1%	-45.3%
Sichuan Airlines	444,832	623,456	804,885	889,374	10.5%	42.7%	99.9%
Shenzhen Airlines	76,876	743,499	745,973	873,274	17.1%	17.5%	1036.0%
Air France	1,160,156	431,107	836,543	854,065	2.1%	98.1%	-26.4%

Source: OAG

So, everything appears to be heading in the right direction this week. Increased airline capacity, improving financial performances (although it's of course relative) and many countries reopening their borders and easing travel restrictions. Australia opens today as well, well Eastern Australia does and more positive announcements will follow during the week, I'm sure. It is very unlikely that we will see another 4 million seats added next week, especially as the number stands close to this week's level but stabilising around 85 million ahead of the IATA Summer season will be a much better place than we could have hoped for in early January.