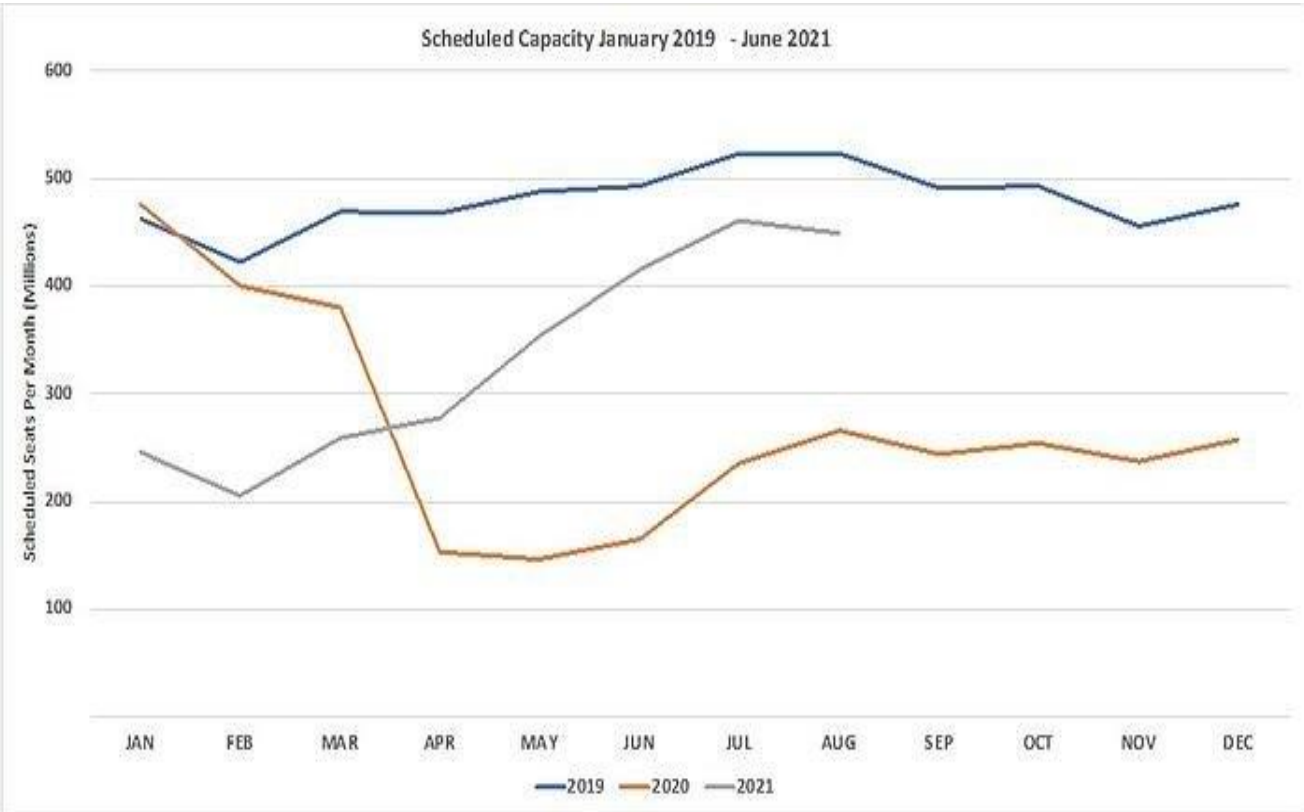
Summer Season Airline Capacity Begins to Bounce Back and US Airlines Add New Airport Pairs in May and June

Source : OAG

An "eggstraordinary" week for global capacity sees the weekly seat count crack through the sixty million barrier and reach 62.1 million, a 4% increase week on week and that's the end of the poor "yolks"!

If all of the planned capacity materialises for this week then we are heading for the best week in over twelve months, which is a really positive point to carry into the new IATA Summer Season although of course demand is the more important measurement. It is very early but airlines appear to remain generally bullish around the summer season with capacity trending upwards in every month of the next two quarters: certainly, airline network planners would appear to be injecting more capacity into a vaccine populated world. Equally, on a more cautionary note, many airlines are just placing capacity into the market in hope of a Mexican wave of summer demand, and we can expect to see lots of changes in the coming weeks.

Chart 1 – Scheduled Airline Capacity by Month



Source: ***OAG***

The third coming of COVID-19 in Western Europe does not appear to be having any impact on capacity as we head to the holiday weekend with some 930,00 additional seats operating this week or a modest 20% growth week on week. Similarly Eastern Europe with 16% weekly growth probably reflects as much optimism and the realities of demand but airlines must be sensing a change in the market or are perhaps blinded by the longer daylight we now have after the clock change.

Other regional markets with strong growth this week are South East Asia (+10%), the Southwest Pacific (+11%) and North Africa (+13%) where in each case one country market is driving those levels of growth. In total all of the capacity growth leaves us still below 60% of the pre-pandemic capacity and despite all of the capacity growth in Western Europe the region remains the weakest market with less than 30% of its normal capacity. We still have a very long **road to recovery** ahead of us.

Table 1 – Scheduled Airline Capacity by Region

Region	20-Jan	15-Mar-21	22-Mar-21	29-Mar-21	% Change Week on Week	% Change V's 20th Jan 2020
Asia : North East Asia	25,178,594	19,735,100	19,791,150	19,907,214	0.6%	-20.9%
North America	22,644,121	15,381,730	15,465,762	15,631,689	1.1%	-31.0%
Europe : Western Europe	18,606,424	4,198,929	4,738,744	5,666,028	19.6%	-69.5%
Asia : South East Asia	10,866,623	4,381,339	4,334,270	4,772,016	10.1%	-56.1%
Asia : South Asia	5,160,958	3,668,630	3,755,380	3,663,931	-2.4%	-29.0%
Middle East	4,930,030	2,196,818	2,197,368	2,349,969	6.9%	-52.3%
Europe : Eastern/Central Europe	3,701,241	1,701,312	1,769,960	2,058,155	16.3%	-44.4%
Latin America : Central America	2,444,383	1,537,978	1,607,732	1,694,149	5.4%	-30.7%
Southwest Pacific	2,835,574	1,480,130	1,504,592	1,674,399	11.3%	-41.0%
Latin America : Lower South America	4,033,676	1,605,607	1,451,946	1,401,563	-3.5%	-65.3%
Latin America : Upper South America	1,737,713	823,071	891,600	898,138	0.7%	-48.3%
Latin America : Caribbean	987,106	532,119	545,452	554,411	1.6%	-43.8%
Africa : North Africa	1,055,486	392,618	402,687	454,812	12.9%	-56.9%
Africa : Central/Western Africa	663,429	375,711	378,077	405,523	7.3%	-38.9%
Africa : Eastern Africa	767,645	439,978	433,030	401,753	-7.2%	-47.7%
Africa : Southern Africa	755,348	322,709	341,412	373,563	9.4%	-50.5%
Asia : Central Asia	344,740	197,283	204,210	217,902	6.7%	-36.8%
Grand Total	**106,713,091**	**58,971,062**	**59,813,372**	**62,125,215**	**3.9%**	**-41.8%**

Source: ***OAG***

Vietnam is an example of where one market can make a significant difference to regional capacity, a 26% increase in weekly seats and injection of 270,000 seats into the domestic market accounts for over 60% of the total region's growth week on week. The remaining growth comes from a welcome return in capacity from Thailand where an additional 132,000 seats result in the strongest week this year for the popular leisure destination.

A number of major Western European markets report strong week on week capacity growth and perhaps the potential for travellers to have a row of seats to themselves if demand does not pick up rapidly. It's hard to believe that demand will be strong enough to support 24% growth from Germany, the 21% growth from Spain or the almost incredible 49% growth in Italy; but this is perhaps a week when miracles do happen!

Across the top twenty markets only Brazil continues to report week on week capacity cuts with a further 70,000 seats removed; since the first week of March capacity has been cut by over one third as the country grapples with the latest outbreak of COVID-19.

Table 2- Scheduled Capacity, Top 20 Country Markets

Country	20-Jan	15-Mar-21	22-Mar-21	29-Mar-21	% Change Week on Week	% Change V's 20th Jan 2020
China	16,882,726	16,294,154	16,254,139	16,186,301	-0.4%	-4.1%
USA	20,749,829	15,038,965	15,127,696	15,278,765	1.0%	-26.4%
India	4,255,510	3,068,599	3,150,228	3,094,907	-1.8%	-27.3%
Japan	4,121,355	1,812,177	1,882,302	2,030,740	7.9%	-50.7%
Indonesia	3,144,407	2,000,910	1,926,647	1,930,024	0.2%	-38.6%
Russian Federation	2,158,058	1,543,943	1,558,951	1,719,556	10.3%	-20.3%
Mexico	1,920,941	1,292,834	1,354,538	1,437,112	6.1%	-25.2%
Viet Nam	1,564,476	1,072,977	1,064,065	1,337,456	25.7%	-14.5%
Australia	2,058,708	1,073,722	1,098,106	1,259,942	14.7%	-38.8%
Turkey	1,924,284	1,055,162	1,111,285	1,250,228	12.5%	-35.0%
Brazil	2,842,645	1,176,867	1,042,475	971,816	-6.8%	-65.8%
Korea Republic of	1,823,750	945,402	966,654	953,836	-1.3%	-47.7%
Spain	2,226,308	514,359	678,995	824,025	21.4%	-63.0%
Thailand	2,097,513	661,171	679,184	811,924	19.5%	-61.3%
Saudi Arabia	1,344,926	631,011	627,114	723,496	15.4%	-46.2%
United Arab Emirates	1,476,244	603,637	600,224	640,879	6.8%	-56.6%
Germany	2,519,489	403,363	508,158	629,488	23.9%	-75.0%
France	1,842,023	499,321	517,988	604,533	16.7%	-67.2%
Colombia	895,513	481,768	540,131	568,746	5.3%	-36.5%
Italy	1,775,401	311,320	346,866	516,908	49.0%	-70.9%

Source: ***OAG***

The last few weeks have seen nearly all the major US based carriers announce a range of new destinations and services for the Summer, many of which are hub by-pass services responding to the stronger leisure demand that has a feature of the domestic market in recent months. In the table below we have tracked the growth in airport pairs that will be operated with numerous new routes being added in May and June from all the carriers; that should equate to a lot of new route "cakes" being cut across Florida where most of the activity seems to be taking place.

Table 3 – Scheduled Airport Pair Growth US Domestic Market Summer 2021

Scheduled US Airport Pairs	American Airlines	Delta Air Lines	Southwest	United Airlines
March	649	544	674	685
April	728	556	693	660
May	758	620	687	725
Jun	868	703	793	750
July	868	701	786	750
August	871	701	786	750

Source: ***OAG***

For the many people who requested the return of the top twenty airline list; well one person really, the table is below. Whilst the top five carriers remain unchanged there is a little movement lower down the table with Turkish Airlines moving up one place to ninth after adding back some 170,000 seats; it seems a lot of effort to move one spot, but it does distance them from Alaska Airlines.

Highlighting how data and numbers can be interpreted in different ways. Qatar Airways rightly last week claimed to be the world's largest airline based on ASK's…based purely on capacity they rank in 24th place this week. Don't you just love numbers!

Other notable developments include Aeroflot entering the top twenty at the expense of Spring Airlines and All Nippon Airlines re-joining the top twenty.

Table 4 - Top 20 Airlines

Airline	20-Jan	15-Mar-21	22-Mar-21	29-Mar-21	% Change Week on Week	% Change V's 20th Jan 2020
American Airlines	4,806,847	3,548,476	3,554,810	3,637,850	2.3%	-24.3%
Delta Air Lines	4,532,316	3,245,433	3,247,478	3,268,514	0.6%	-27.9%
Southwest Airlines	3,788,421	3,182,008	3,181,281	3,176,741	-0.1%	-16.1%
China Southern Airlines	2,877,703	2,631,340	2,623,265	2,719,644	3.7%	-5.5%
China Eastern Airlines	2,715,809	2,309,789	2,323,599	2,461,131	5.9%	-9.4%
United Airlines	3,537,983	2,162,119	2,163,701	2,198,084	1.6%	-37.9%
Air China	1,881,825	1,592,510	1,641,817	1,774,340	8.1%	-5.7%
IndiGo	1,813,944	1,537,014	1,578,672	1,391,052	-11.9%	-23.3%
Turkish Airlines	1,666,085	822,411	868,913	1,038,021	19.5%	-37.7%
Alaska Airlines	1,064,124	834,912	874,835	872,417	-0.3%	-18.0%
Hainan Airlines	1,001,147	806,748	814,460	846,742	4.0%	-15.4%
Shenzhen Airlines	856,720	803,979	805,674	822,586	2.1%	-4.0%
Xiamen Airlines Company	850,855	808,580	803,795	808,629	0.6%	-5.0%
Sichuan Airlines	812,568	796,721	791,943	804,355	1.6%	-1.0%
Spirit Airlines	794,650	741,690	743,744	744,790	0.1%	-6.3%
Shandong Airlines	677,547	698,889	697,154	729,535	4.6%	7.7%
JetBlue Airways Corporation	942,410	640,288	669,989	688,064	2.7%	-27.0%
All Nippon Airways	1,374,456	567,035	571,560	631,834	10.5%	-54.0%
LATAM Airlines Group	1,870,132	740,053	627,375	620,487	-1.1%	-66.8%
Aeroflot Russian Airlines	1,049,822	491,563	507,469	600,191	18.3%	-42.8%

Source: ***OAG***

This week's data certainly brings a cracking range of capacity growth across most regional markets although of course the demand side of the equation is crucial and that in turn seems increasingly dependent on travel passports being rolled out in the coming months. The next four weeks are likely to be crucial in shaping the whole summer season which in turn for many airlines is when revenues are generated that carry them through the following winter season. We can but hope the various regulators and authorities realise how important their decision will be for a whole industry and make some brave calls. Fingers and toes crossed!

Stay safe everyone.