

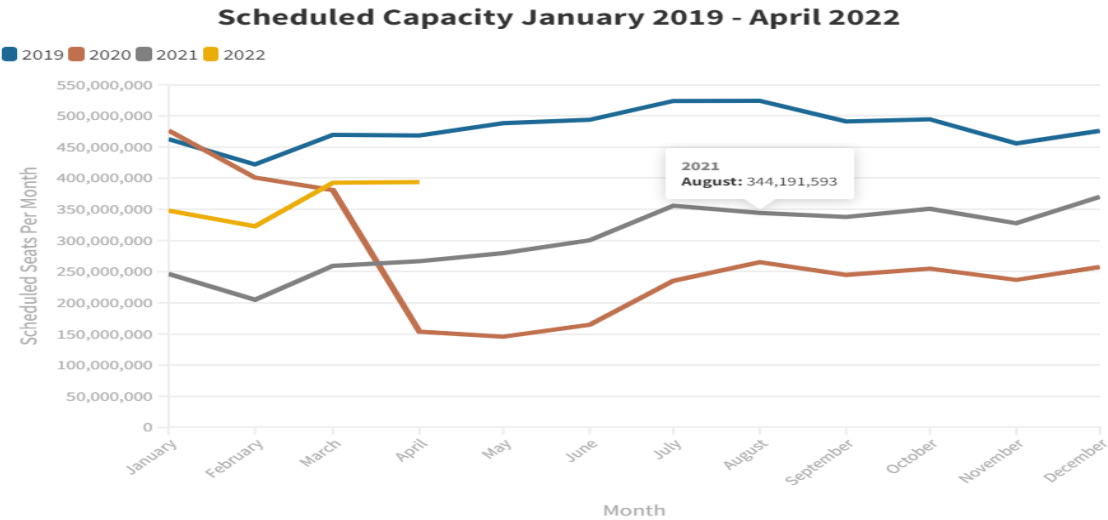
Ryanair and EasyJet Bring Back Significant Capacity in Europe

Global Capacity Melts As China Prepares For Winter Olympics

In normal times Chinese New Year results in every carrier in China adding capacity as demand surges; not this year. Singularly China is responsible for another drop in global airline capacity with 3.1 million seats or 20% of capacity cut compared to last week. The year of the Tiger is hardly off to a roaring start and is perhaps a slippery slope of capacity ahead of next week's Winter Olympics taking place. Sadly, from an aviation perspective, China may be grabbing all the wrong headlines this week although weather disruption in other parts of the world will have impacted the number of flights operated. All of that a bit later, back to the headlines...

Global airline capacity this week is at 73.7 million representing a 2.6% cut on last week and taking us all back to 31% less capacity than in the same week in 2020; we have made some progress but seem to be stuck at this point, at least for the first quarter of the year. A further 11 million seats have been removed for the next three months which is 1% of all planned capacity and consistent with the levels we have been seeing for many weeks. Being positive, more capacity has been added for March but at less than 0.2% it's hardly going to change the overall picture. However, for the supremely optimistic (better known as Norwich and Burnley supporters) current airline capacity for April 2022 stands at 393.7 million compared to the 468.4 million of 2019 so we are "just" 16% below the pre-covid level - if of course the numbers do not change...but they will, for the better or worse is the question.

Chart 1 - Weekly Capacity Changes by Region, Forward Quarter



Source: OAG

Aside from North East Asia, which of course is behold to China, the majority of regional markets show some recovery in airline capacity compared to last week with Western Europe leading with 10% more capacity as some major carriers added back capacity ahead of the pending half-term holidays and the easing of UK travel restrictions. From a much smaller base, North Africa is the fastest-growing region with a 16% increase and some 92,000 more seats to be filled. And Southern Africa with a 7% increase is also performing strongly in recent weeks.

A few regions have reported cuts in weekly capacity but not as dramatic as we have seen in the last few weeks. Both Lower South America and the Southwest Pacific have slipped back, in the case of South America this is based on Brazil seeing capacity cut by some 8% and in the Southwest Pacific 14,000 fewer international seats from Australia are the major factor with the tennis no longer a factor!

Table 1 – Scheduled Airline Capacity by Region

Region	28-Jan-19	27-Jan-20	24-Jan-22	31-Jan-22	% Change Week on Week	% Change V's 27th Jan 2020	% Change V's W/C 28th January 2019
North America	21,938,993	22,548,802	19,423,203	19,492,032	0.4%	-13.6%	-11.2%
Asia : North East Asia	24,649,891	25,185,876	19,128,221	15,703,497	-17.9%	-37.6%	-36.3%
Europe : Western Europe	19,333,363	18,781,781	10,862,233	11,958,413	10.1%	-36.3%	-38.1%
Asia : South East Asia	10,010,127	10,925,571	5,027,019	5,231,939	4.1%	-52.1%	-47.7%
Asia : South Asia	5,110,418	5,208,481	3,611,263	3,606,845	-0.1%	-30.8%	-29.4%
Middle East	4,921,243	4,941,613	3,499,152	3,602,939	3.0%	-27.1%	-26.8%
Latin America : Lower South America	4,020,625	4,024,708	3,010,377	2,854,453	-5.2%	-29.1%	-29.0%
Europe : Eastern/Central Europe	3,561,735	3,694,435	2,654,497	2,723,617	2.6%	-26.3%	-23.5%
Latin America : Central America	2,260,876	2,434,531	2,260,678	2,231,565	-1.3%	-8.3%	-1.3%
Latin America : Upper South America	1,644,622	1,731,870	1,555,903	1,563,231	0.5%	-9.7%	-4.9%
Southwest Pacific	2,829,540	2,811,196	1,509,637	1,457,493	-3.5%	-48.2%	-48.5%
Latin America : Caribbean	984,505	979,216	768,351	764,588	-0.5%	-21.9%	-22.3%
Africa : North Africa	987,138	1,055,968	571,545	663,951	16.2%	-37.1%	-32.7%
Africa : Central/Western Africa	615,037	659,058	599,870	625,927	4.3%	-5.0%	1.8%
Africa : Eastern Africa	719,474	747,342	544,226	557,117	2.4%	-25.5%	-22.6%
Africa : Southern Africa	788,951	766,638	423,068	452,965	7.1%	-40.9%	-42.6%
Asia : Central Asia	354,718	341,092	287,912	277,724	-3.5%	-18.6%	-21.7%
Grand Total	104,731,256	106,838,178	75,737,155	73,768,296	-2.6%	-31.0%	-29.6%

Source: [OAG](#)

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Staggeringly, fact number one this week is that the United Kingdom is the fastest-growing market week-on-week amongst the top twenty countries and will undoubtedly be quoted as a positive by politicians in the forthcoming week of spin! Nearly 300,000 more seats have been added back to weekly capacity with Ryanair and easyJet both keeping their word and bringing back more low-cost seats; we must hope that most of those will be filled in the next few months with France and Italy also growing back - the importance of the ski-season on demand cannot be underestimated.

Staggering fact number two this week is that British Airways are the single largest airline operating from the United Kingdom, indeed they have been for some weeks now but even the latest surge of Ryanair capacity hasn't been able to dislodge them from that position; the gap is only 3,000 seats a week though so expect that to change shortly.

The capacity cuts in North East Asia are not helped by a near 12% cut in airline capacity in Japan where more travel restrictions have been put in place in the last few weeks, and where international capacity is at just 13% of 2020 levels. Other markets in Asia have grabbed most of the attention around lost international capacity, but Japan has silently suffered as badly as any other market and appears as far away from reopening to international traffic as China...and that is a long way!

Table 2 - Scheduled Capacity, Top 20 Country Markets

Country	28-Jan-19	27-Jan-20	24-Jan-22	31-Jan-22	% Change Week on Week	% Change V's 27th Jan 2020	% Change V's W/C 28th January 2019
USA	19,973,951	20,642,745	18,410,299	18,480,574	0.4%	-10.5%	-7.5%
China	16,676,309	16,947,508	15,001,108	11,878,073	-20.8%	-29.9%	-28.8%
India	4,237,722	4,314,026	2,864,672	2,886,813	0.8%	-33.1%	-31.9%
Japan	3,993,766	4,120,224	2,507,521	2,213,979	-11.7%	-46.3%	-44.6%
Indonesia	2,865,278	3,126,575	2,015,321	2,084,548	3.4%	-33.3%	-27.2%
Brazil	2,773,718	2,825,748	2,190,050	2,017,781	-7.9%	-28.6%	-27.3%
Russian Federation	2,032,322	2,140,196	1,861,153	1,859,146	-0.1%	-13.1%	-8.5%
Mexico	1,755,104	1,918,119	1,830,306	1,804,395	-1.4%	-5.9%	2.8%
Spain	2,348,419	2,243,567	1,559,462	1,735,940	11.3%	-22.6%	-26.1%
Turkey	1,992,673	1,926,555	1,512,602	1,545,117	2.1%	-19.8%	-22.5%
United Kingdom	2,856,998	2,742,102	1,261,650	1,544,306	22.4%	-43.7%	-45.9%
Italy	1,852,039	1,779,197	1,087,403	1,235,690	13.6%	-30.5%	-33.3%
France	1,862,545	1,869,708	1,091,719	1,208,397	10.7%	-35.4%	-35.1%
Germany	2,708,164	2,552,255	1,120,741	1,207,697	7.8%	-52.7%	-55.4%
Viet Nam	1,245,543	1,636,783	1,054,420	1,101,829	4.5%	-32.7%	-11.5%
United Arab Emirates	1,480,422	1,473,224	1,026,383	1,055,981	2.9%	-28.3%	-28.7%
Australia	2,052,965	2,029,840	1,075,508	1,038,557	-3.4%	-48.8%	-49.4%
Saudi Arabia	1,294,764	1,357,957	1,003,741	1,013,237	0.9%	-25.4%	-21.7%
Canada	1,955,643	1,895,663	1,002,375	1,000,603	-0.2%	-47.2%	-48.8%
Korea Republic of	1,712,087	1,802,264	848,273	903,813	6.5%	-49.9%	-47.2%

Source: [OAG](#)

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The impact of the capacity cuts in China can clearly be seen in the data below and the table indeed has a series of very mixed messages this week. Air China “lead” the capacity cuts with a near 29% drop whilst at the other end of the spectrum Ryanair have added back over three quarters of a million seats. All of which has no impact on the major US carriers who at least from a planned capacity perspective remain in their usual positions, their actual operations over the weekend may, of course, have been subject to one or two snow delays along the east coast.

Table 3 – Top 20 Scheduled Airlines

Airline	28-Jan-19	27-Jan-20	24-Jan-22	31-Jan-22	% Change Week on Week	% Change V's 27th Jan 2020	% Change V's W/C 28th January 2019
American Airlines	4,783,145	4,817,728	4,551,786	4,560,773	0.2%	-5.3%	-4.6%
Delta Air Lines	4,135,041	4,407,995	3,858,367	3,838,226	-0.5%	-12.9%	-7.2%
Southwest Airlines	3,794,733	3,785,275	3,551,964	3,551,964	0.0%	-6.2%	-6.4%
United Airlines	3,405,916	3,541,916	2,959,922	3,007,679	1.6%	-15.1%	-11.7%
Ryanair	2,449,818	2,446,038	1,587,672	2,350,071	48.0%	-3.9%	-4.1%
China Eastern Airlines	2,681,232	2,763,329	2,343,710	1,956,226	-16.5%	-29.2%	-27.0%
China Southern Airlines	2,820,013	2,823,016	2,410,137	1,793,064	-25.6%	-36.5%	-36.4%
LATAM Airlines Group	1,686,036	1,873,036	1,441,830	1,405,020	-2.6%	-25.0%	-16.7%
Turkish Airlines	1,715,018	1,673,970	1,382,105	1,400,466	1.3%	-16.3%	-18.3%
IndiGo	1,625,180	1,863,822	1,205,550	1,232,924	2.3%	-33.8%	-24.1%
Air China	1,858,087	1,861,673	1,466,560	1,058,576	-27.8%	-43.1%	-43.0%
Alaska Airlines	1,042,529	1,063,493	876,603	912,713	4.1%	-14.2%	-12.5%
Emirates	1,482,541	1,488,164	829,708	890,413	7.3%	-40.2%	-39.9%
JetBlue Airways Corporation	950,018	931,702	899,469	887,419	-1.3%	-4.8%	-6.6%
Spirit Airlines	688,264	794,249	820,408	829,150	1.1%	4.4%	20.5%
Lion Air	787,428	883,149	812,051	808,846	-0.4%	-8.4%	2.7%
Easyjet	1,485,856	1,397,424	611,280	805,058	31.7%	-42.4%	-45.8%
Deutsche Lufthansa AG	1,619,358	1,604,787	739,922	783,106	5.8%	-51.2%	-51.6%
Qatar Airways	937,392	983,522	733,618	756,360	3.1%	-23.1%	-19.3%
All Nippon Airways	1,360,913	1,375,421	867,269	749,065	-13.6%	-45.5%	-45.0%

Source: [OAG](#)

So, just a normal week of capacity changes! Alongside some very significant capacity cuts other markets and some major airlines have relaunched services and hopefully started to rebuild capacity as we can begin to look cautiously towards the second quarter of the year. And there is no doubt that the airline industry is getting ready for a busy 2022; new airline liveries are being launched by some carriers although quite where they got the cash for those in these difficult times is a good question. Some airlines are launching new routes and announcing new services for the summer season and travel restrictions are beginning to ease in most markets apart from Asia which of course is a huge area for growth.

Unless something dramatic happens then we should expect the Chinese capacity cuts of this week to be reversed since all those flights are currently planned for next week. Then again, we have seen some dramatic things happen at short notice, but in the week when the Winter Olympics are planned to start surely the Tiger will roar and China will come back. Lets hope so!