New Aircraft Orders and Borders Reopening
But Global Airline Capacity Remains Flat, At Least For Now...

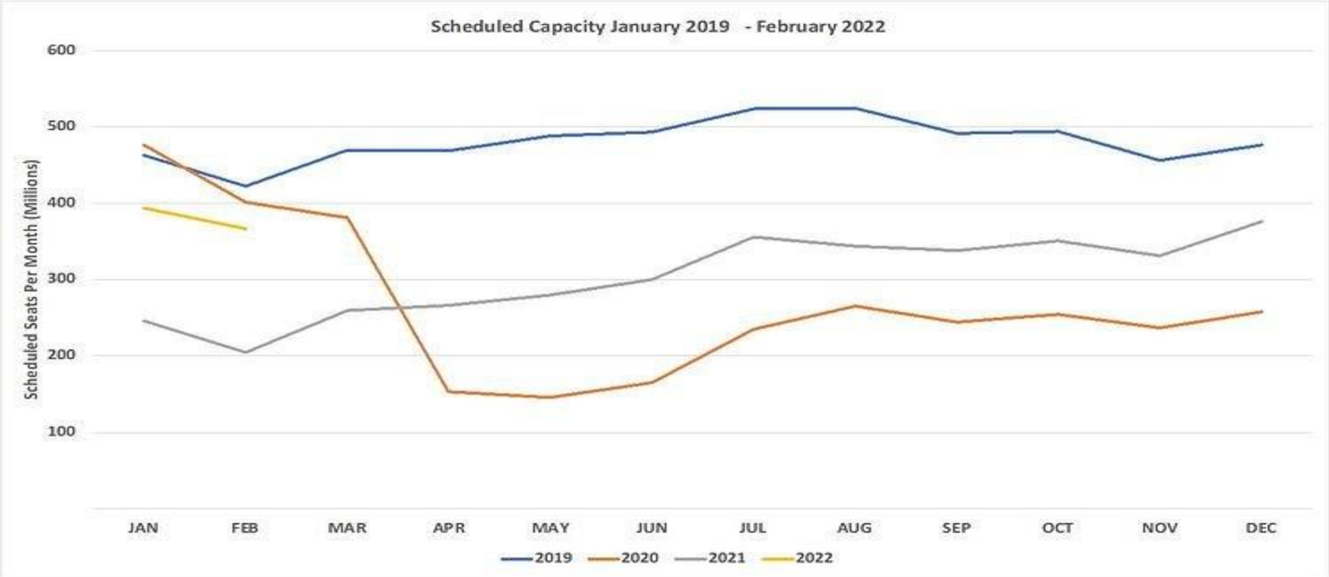
Source: OAG, 15 November 2021

A busy week for the aviation industry sees the good and great meeting at the Dubai Air Show discussing everything aviation and of course placing orders for new aircrafts in support of the recovery. Meanwhile in Rome, the **IATA 149th Slot Conference** is taking place with airlines putting down their early markers for what should be a very strong second half of 2022.

Both events are symbolic steps on the road to recovery, symbolism is great, but we always need to remain mindful of the **flight data**, so what do this week's numbers tell us?

Weekly airline capacity has crept up this week to 76.4 million, an increase of just under 1% on last week (although still frustratingly -28% on the same week in 2019). Positively at least the numbers are not going backwards, which is more than can be said for the forward-looking period through to the end of February 2022. Scheduled airlines have cut capacity by 8.4 million this week through to the end of February; some of which is the normal tidying up process, but some airlines facing a shortage of resources are already cutting schedules for the first quarter of 2022. Especially in North America where crew shortages are becoming a real issue as we head towards the holiday seasons.

Chart 1 - Weekly Capacity Changes by Region, Forward Quarter



Source: **OAG**

South East Asia is the fastest-growing regional market week on week as more and more positive announcements are made in the region. Thailand is already open to most international visitors, Cambodia made a similar announcement over the weekend, Malaysia is confident of reopening before the year end and Singapore has once again expanded its Virtual Travel Lanes adding Malaysia to the list. All of the good news is much needed, the region remains at just one-third of its normal capacity level and has a very long way to go on its journey to recovery with many markets currently operating a greater proportion of long-haul services than regional flights, a very odd situation.

North East Asia continues to be below recent weekly averages as the Chinese authorities continue to lockdown major cities as they contend with the latest Covid-19 outbreaks. At the beginning of the pandemic Chinese airlines “successfully” refocussed their networks to almost pure domestic operations and there appears no urgency to bring back international capacity any time soon with no plans for expansion before the Winter Olympics in February 2022 and rumours of at least another year before any real change in international access. The impact on surrounding regional markets by that point will be huge and the ultimate pent-up demand probably larger than anything we have witnessed so far.

Airline capacity in North America is once again growing as airlines begin to schedule more capacity ahead of the **Thanksgiving** week which will in turn stretch the resources of all carriers. Fortunately, the last few weeks have seen most airlines scaling back capacity suggesting that they have been carefully planning resources for the next fortnight; let’s hope that is the case!

Table 1 – Scheduled Airline Capacity by Region

Region	18-Nov-19	20-Jan-20	08-Nov-21	15-Nov-21	% Change Week on Week	% Change V's 20th Jan 2020	% Change V's W/C 18th November 2019
North America	23,978,117	22,644,121	20,206,740	20,506,571	1.5%	-9.4%	-14.5%
Asia : North East Asia	23,816,642	25,178,594	16,113,336	16,254,364	0.9%	-35.4%	-31.8%
Europe : Western Europe	19,733,623	18,606,424	14,486,830	14,177,332	-2.1%	-23.8%	-28.2%
Asia : South Asia	5,203,883	5,160,958	4,359,629	4,406,602	1.1%	-14.6%	-15.3%
Asia : South East Asia	10,427,574	10,866,623	3,347,363	3,677,105	9.9%	-66.2%	-64.7%
Middle East	4,784,437	4,930,030	3,319,031	3,386,546	2.0%	-31.3%	-29.2%
Europe : Eastern/Central Europe	3,791,059	3,701,241	3,255,390	3,118,932	-4.2%	-15.7%	-17.7%
Latin America : Lower South America	3,616,303	4,033,676	2,783,492	2,825,285	1.5%	-30.0%	-21.9%
Latin America : Central America	2,395,341	2,444,383	2,163,131	2,218,982	2.6%	-9.2%	-7.4%
Latin America : Upper South America	1,696,151	1,737,713	1,440,466	1,469,024	2.0%	-15.5%	-13.4%
Southwest Pacific	2,841,788	2,835,574	970,340	1,038,931	7.1%	-63.4%	-63.4%
Africa : North Africa	995,602	1,055,486	811,548	807,893	-0.5%	-23.5%	-18.9%
Latin America : Caribbean	884,530	987,106	649,414	678,772	4.5%	-31.2%	-23.3%
Africa : Eastern Africa	759,349	767,645	566,358	567,110	0.1%	-26.1%	-25.3%
Africa : Central/Western Africa	655,630	663,429	560,556	563,947	0.6%	-15.0%	-14.0%
Africa : Southern Africa	777,928	755,348	443,251	450,174	1.6%	-40.4%	-42.1%
Asia : Central Asia	358,359	344,740	291,107	293,475	0.8%	-14.9%	-18.1%
Grand Total	**106,716,316**	**106,713,091**	**75,767,982**	**76,441,045**	**0.9%**	**-28.4%**	**-28.4%**

Source: **OAG**

The top twenty country markets remain unchanged and collectively these countries account for 60.7 million seats a week or 80% of current global airline capacity; in their own way supporting the 80:20 rule! Two of the standout markets through the whole pandemic have been Russia and Mexico where a combination of large domestic markets and limited international travel restrictions allowed airlines to operate most of their networks. Mexico remains at around 97% of its pre-pandemic capacity levels and Russia at 93% although in the case of Russia recent outbreaks of Covid-19 has resulted in some capacity being cut.

Most country markets in Western Europe this week report slight capacity reductions with France leading the way with just over 85,000 fewer seats on offer, Germany some 29,000 fewer and then the United Kingdom some 18,000 fewer seats. All of which now makes the United Kingdom the largest country market in Western Europe and even more surprisingly puts the country in the global top 10; even when capacity remains at just two-thirds of its pre pandemic levels; that probably says more about other markets as much as it says about the UK!

Table 2 - Scheduled Capacity, Top 20 Country Markets

Country	18-Nov-19	20-Jan-20	08-Nov-21	15-Nov-21	% Change Week on Week	% Change V's 20th Jan 2020	% Change V's W/C 18th November 2019
USA	22,135,547	20,749,829	19,101,993	19,420,709	1.7%	-6.4%	-12.3%
China	15,790,287	16,882,726	12,168,361	12,269,840	0.8%	-27.3%	-22.3%
India	4,321,758	4,255,510	3,666,585	3,679,076	0.3%	-13.5%	-14.9%
Japan	4,083,506	4,121,355	2,362,190	2,379,676	0.7%	-42.3%	-41.7%
Brazil	2,553,812	2,842,645	2,082,592	2,108,804	1.3%	-25.8%	-17.4%
Russian Federation	2,162,608	2,158,058	2,087,739	1,997,309	-4.3%	-7.4%	-7.6%
Spain	2,459,606	2,226,308	2,015,244	1,978,804	-1.8%	-11.1%	-19.5%
Mexico	1,896,852	1,920,941	1,784,495	1,832,140	2.7%	-4.6%	-3.4%
United Kingdom	2,836,886	2,712,915	1,767,187	1,749,095	-1.0%	-35.5%	-38.3%
Turkey	1,991,399	1,924,284	1,677,324	1,655,402	-1.3%	-14.0%	-16.9%
Germany	2,721,813	2,519,489	1,654,802	1,625,908	-1.7%	-35.5%	-40.3%
Indonesia	3,141,599	3,144,407	1,506,711	1,598,030	6.1%	-49.2%	-49.1%
Italy	1,908,499	1,775,401	1,553,870	1,516,939	-2.4%	-14.6%	-20.5%
France	1,899,168	1,842,023	1,504,534	1,419,422	-5.7%	-22.9%	-25.3%
Canada	1,832,511	1,884,093	1,095,103	1,075,612	-1.8%	-42.9%	-41.3%
United Arab Emirates	1,465,858	1,476,244	995,822	1,017,591	2.2%	-31.1%	-30.6%
Saudi Arabia	1,252,460	1,344,926	922,328	933,917	1.3%	-30.6%	-25.4%
Colombia	866,307	895,513	846,955	869,882	2.7%	-2.9%	0.4%
Korea Republic of	1,735,640	1,823,750	825,383	848,253	2.8%	-53.5%	-51.1%
Australia	2,062,792	2,058,708	690,786	743,060	7.6%	-63.9%	-64.0%

Source: **OAG**

The list of top twenty global carriers has a very familiar look this week although there is some movement in the middle of the rankings. With the US based low-cost carriers ramping up capacity ahead of next week's holiday period Spirit have jumped ahead of carriers such as easyJet, Air France and Emirates into 14th position which makes them the equivalent of Brentford in the English Premier League which sounds a perfect parallel!

The largest week on week capacity cut across the top twenty airlines came from easyJet who cut capacity by nearly 8% dropping around 75,000 seats which now makes the carrier about one-third the size of Ryanair. At the beginning of the pandemic easyJet were two-thirds the size of their fiercest competitor and like many carriers with a heavy reliance on the UK market have been slow to recover those capacity gaps; gaps that will probably remain until at least the Summer of 2022.

Table 3 – Top 20 Scheduled Airlines

Airline	18-Nov-19	20-Jan-20	08-Nov-21	15-Nov-21	% Change Week on Week	% Change V's 20th Jan 2020	% Change V's W/C 18th November 2019
American Airlines	5,140,543	4,806,847	4,848,707	4,823,837	-0.5%	0.4%	-6.2%
Delta Air Lines	4,667,980	4,532,316	3,992,334	3,988,224	-0.1%	-12.0%	-14.6%
Southwest Airlines	4,105,010	3,788,421	3,447,223	3,546,984	2.9%	-6.4%	-13.6%
United Airlines	3,810,766	3,537,983	3,266,309	3,309,899	1.3%	-6.4%	-13.1%
Ryanair	2,464,371	2,439,612	2,754,351	2,748,645	-0.2%	12.7%	11.5%
China Eastern Airlines	2,602,211	2,715,809	2,107,794	2,157,276	2.3%	-20.6%	-17.1%
China Southern Airlines	2,767,612	2,877,703	1,876,464	1,967,264	4.8%	-31.6%	-28.9%
IndiGo	1,817,942	1,813,944	1,816,404	1,800,256	-0.9%	-0.8%	-1.0%
LATAM Airlines Group	1,828,415	1,870,132	1,376,259	1,393,950	1.3%	-25.5%	-23.8%
Turkish Airlines	1,690,020	1,666,085	1,352,355	1,377,734	1.9%	-17.3%	-18.5%
Air China	1,818,126	1,881,825	1,249,885	1,215,179	-2.8%	-35.4%	-33.2%
Deutsche Lufthansa AG	1,687,297	1,576,378	1,036,331	1,022,966	-1.3%	-35.1%	-39.4%
Alaska Airlines	1,136,091	1,064,124	923,593	933,837	1.1%	-12.2%	-17.8%
Spirit Airlines	870,761	794,650	800,364	902,228	12.7%	13.5%	3.6%
Easyjet	1,523,962	1,363,034	972,640	897,892	-7.7%	-34.1%	-41.1%
Air France	1,183,243	1,163,127	845,968	868,169	2.6%	-25.4%	-26.6%
Emirates	1,445,403	1,481,849	845,625	850,112	0.5%	-42.6%	-41.2%
JetBlue Airways Corporation	1,006,562	942,410	791,454	837,398	5.8%	-11.1%	-16.8%
All Nippon Airways	1,399,155	1,374,456	757,371	768,392	1.5%	-44.1%	-45.1%
Japan Airlines	1,049,568	1,050,810	726,861	751,153	3.3%	-28.5%	-28.4%

Source: **OAG**

With lots of positive messages around markets reopening and airlines clearly confident (or petrified of missing out) placing new orders for aircraft in the coming years it feels like the industry has at least crawled out of the pandemic and is beginning to take small steps forward each week.

We cannot expect all the good news to translate into more capacity being added soon in most markets; there are already too many seats chasing too few passengers for additional capacity to be required before the Summer 2022 IATA season. Against that backdrop our expectation remains for global capacity this year to be around 3.6 billion seats allowing for a little capacity shakedown to the year-end; in 2019 global capacity was 5.8 Billion; reaching that capacity point before late 2023 looks extremely challenging!