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Fitch: Inflation, Slowing Economy Intensify Headwinds for Airports

Fitch Ratings-Singapore/S?o Paulo/London/Austin/New York-06 July 2022: A healthy summer travel season should buy airports around the world some reprieve before inflationary fallout takes firmer hold as the seasons change, according to Fitch Ratings in its latest Global Airport Traffic Tracker report.

Optimism is high for the summer travel season, with pent-up demand supporting both domestic and international traffic. Post summer is when more risks could impede the recovery trajectory for airports.

“Global inflation and fuel price pressures are intensifying which, along with additional cuts to world GDP growth forecasts, could impede air travel, particularly as we head into the autumn,” said Senior Director Seth Lehman. “The Russian-Ukraine war impact has only seen nominal direct changes to global aviation to-date, though supply-chain disruptions and consumer confidence risks are advancing concerns.”

The aforementioned factors could translate to further delays in a full return to pre-pandemic air traffic recovery for airports in some regions, perhaps most notably China. Fitch moved China’s estimated recovery date back to 4Q23 from 1Q23 with zero COVID policies weighing down air traffic. Full traffic recovery estimates still range from late-2023 (Brazil, Colombia and China) to 2026 (Italy). European markets such as the U.K and Spain have seen considerable improvements in volume activities.

U.S. travel has seen a slight improvement so far this year with demand set to improve notably heading into the summer. Canada is experiencing benefits from the easing of government restrictions with Q2 traffic likely to show further improvement, especially in cross-border travel. Latin American markets have benefitted from domestic driven demand coupled with border opening policies. Several leading airports in Colombia and Mexico are already exceeding 90% of the 2019 levels, while average recovery in Brazil is closer to 80%.

“Global Airport Traffic Tracker: 1Q22 Update” is available at www.fitchratings.com.

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