

U.S. Municipal Bond Market

The Slow Rebound of Air Travel

Summary

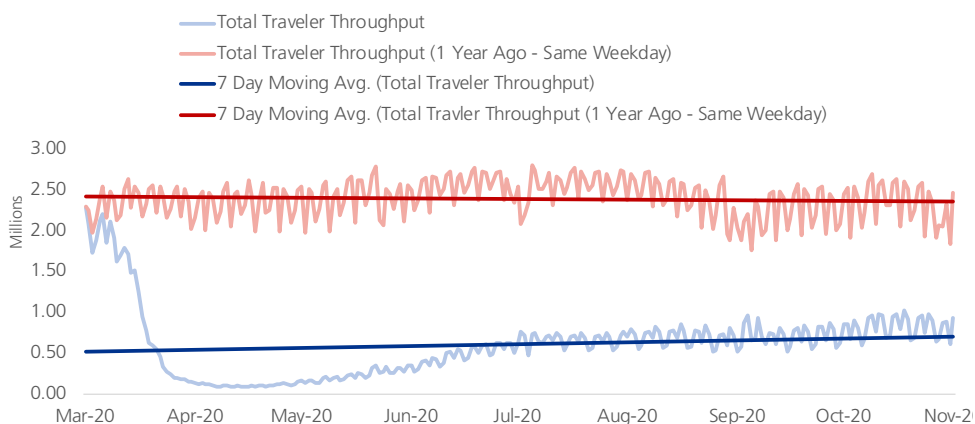
- A little over one million travelers flew on Sunday, Oct. 18, according to TSA checkpoint data, marking the first time since the COVID-19 crisis began that TSA traveler data surpassed one million passengers, but activity remains about 40% of last year.
- Passenger activity slowed at the end of October 2020, but it also decelerated at the end of October 2019. This could be seasonal and not related to a third COVID-19 wave.
- Airline travel is expected to return in phases. Regional and domestic business travel will return first, according to a McKinsey analysis. But a long recovery is expected for corporate travel as the name of the McKinsey report indicates, For Corporate Travel, a Long Recovery Ahead. The United Airlines CEO predicted that business travel would not be back to normal until 2024.

Tom Kozlik
Head of Municipal Strategy & Credit
214.859.9439
tom.kozlik@hilltopsecurities.com

One Million Airport Travelers on Sunday, Oct. 18

There has been a slow rebound of airline travel since the depths of April and May of 2020. A little over one million travelers flew on Sunday October 18th according to [TSA checkpoint data](#). That Sunday in the middle of October marked the first time since the COVID-19 crisis began that TSA traveler data surpassed one million but passenger activity remains about 40% of last year. On the same day last year over 2.6 million travelers went through TSA checkpoints.

TSA Checkpoint Travel Numbers



Source: TSA and HilltopSecurities.

Oct. 18 marked the first time since the COVID-19 crisis began that TSA traveler data surpassed one million, but passenger activity remains about 40% of last year.

Recent Airport Activity Slowing Trend Could Be Only Seasonal

We are watching closely to see if the slow rebound of airline travel is being threatened. On Halloween, Saturday, Oct. 31, 2020, we saw travel numbers hit a low we have not seen since September 2002 when TSA reported only 618k travelers. But, it is important to note that we did see a similar drop-off on Halloween 2019 to 1.8 million passengers relative to the week before. So, the drop-off this year may not necessarily be a result of the development of a third wave of COVID-19 cases nationally, but a seasonal occurrence.

There has not been an individual day that has surpassed one million travelers since October 18. On Sunday, Oct. 25, the number fell to 983k and seven days later, Nov. 1, we only saw only 936k travelers board plans, according to TSA data. However, we are seeing that there was a similar drop-off in airline activity in 2019 in the weeks after middle of October as well. Again, this 2019 decline could be an indicator of seasonal activity.

If activity does fall, then it could very well mean that the third wave of COVID infections is beginning to impact traveler movement.

Therefore, we will be watching closely in the coming weeks to see if airline activity falls below what we would describe as seasonal trends. If activity does fall, then it could very well mean that the third wave of COVID infections is beginning to impact traveler movement.

Similar Drop-Off Last Year

Date	2020 Travelers	2019 Travelers
Nov. 1	936,092	2,459,525
Oct. 25	983,745	2,478,287
Oct. 18	1,031,505	2,606,266
Oct. 11	984,234	2,555,333

Source: TSA and HilltopSecurities.

What Can We Expect Travel Activity to Look Like in the Coming Months and Years?

Airline travel is expected to return in phases. Regional and domestic business travel will return first, according to a McKinsey analysis. But a longer recovery is expected for corporate travel as the name of the McKinsey report highlights, For Corporate Travel, a Long Recovery Ahead. The United Airlines CEO predicted that business travel would not be back to normal until 2024. Airlines for America, an airline trade organization, also predicted that airline industry would not recover until 2024. A Wall Street Journal article published today indicated that airlines are beginning to use new pricing strategies in order to get travelers to feel safe flying again.

Regional and domestic business travel will return first, according to a McKinsey analysis, but a longer recovery is expected for corporate travel.

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