

Cruise companies report multi-billion-dollar losses in Q3

According to its earnings report, Carnival Corporation suffered a US\$2.9 billion loss during Q3 2020, with a 99.5% drop in revenue year on year, from US\$6.53 billion in Q3 2019 to US\$31 million during the same period in 2020. Royal Caribbean, the world's second-largest cruise line, saw a US\$1.2 billion loss during the same period, and analysts estimate that Norwegian Cruise Lines could have seen an estimated 99.45% to 100% loss for the period.

During Q2 of this year, Carnival's revenue showed a fall of 85% year on year, going from US\$4.84 billion in Q2 2019 to US\$740 million. Royal Caribbean experienced a 94% drop at the same time, going from US\$2.81 billion to US\$180 million. Norwegian, meanwhile, saw an enormous drop from US\$1.66 billion to US\$20 million, a 99% drop.

Unsurprisingly, stocks have plummeted in hand. As of November 9, 2020, Carnival's stock dropped 72.81% year-to-date (YTD). Royal Caribbean's stock fell 56.13%, while Norwegian's dropped by 70.95%.

These three companies together control 75% of the global cruise space, which had been consistently growing annually since the 1990s. Thirty million passengers took cruises in 2019, and the cruise industry created 1.1 million jobs. Pre-pandemic, this had been in line to increase in 2020. According to Cruise Lines International Associations, cruise suspensions have cost the US economy US\$25 trillion and 164,000 jobs. A report from Statista estimates that the global cruise line industry will suffer a 71.6% year-on-year drop in 2020, with revenue losses reaching US\$7.79 billion.