Air Passenger Market Analysis

August 2023

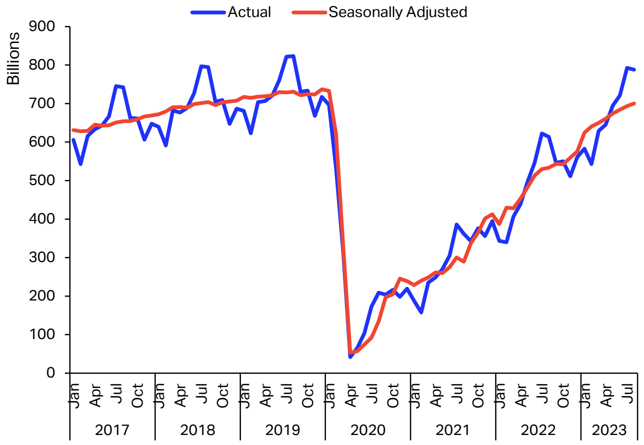
Passenger traffic growth continued in August

- Industry-wide revenue passenger-kilometers (RPKs) increased 28.4% year-on-year (YoY) in August. Compared to 2019 levels, passenger traffic recovered to 95.7%.
- Available seat-kilometers (ASKs) rose at a slower annual pace of 24.9%, lifting passenger load factors (PLFs) close to pre-pandemic levels. The PLF in August was 84.6%, 1.1 ppts lower than the PLF for the same month in 2019.
- Domestic passenger traffic grew 9.2% over pre-pandemic levels. Most monitored markets saw stable growth in domestic traffic, while Japan experienced disruptions due to Typhoon Khanun.
- The recovery of international RPKs remained at 88.5% of 2019 levels. Regions experienced different outcomes while Asia Pacific carriers continued to restore international traffic.
- Ticket sales data signaled unwinding domestic demand while international bookings remained on the same positive trend.

Passenger traffic expanded further in August…

In August, industry-wide revenue passenger-kilometers (RPKs) grew 28.4% year-on-year (YoY) and reached 95.7% of August 2019 levels. In seasonally-adjusted terms, passenger traffic increased 1.0% month-on-month (MoM), indicating a slowing but still positive trend globally (**Chart 1**).

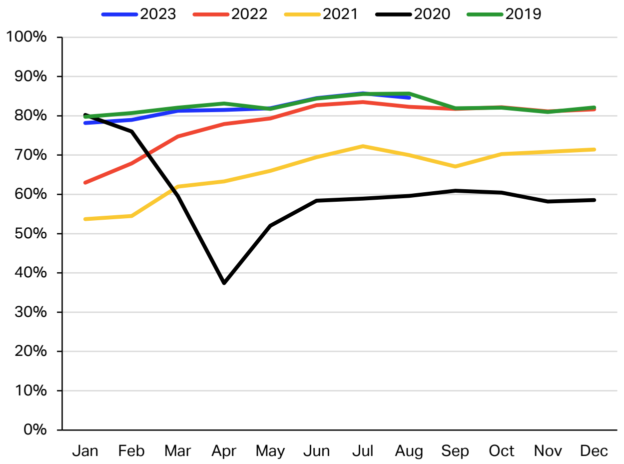
Chart 1 – Global air passengers, revenue-passenger kilometers (RPKs), billions per month



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Seat capacity, measured in available seat-kilometers (ASKs), rose 24.9% YoY and was only 3.1% under 2019 levels. Airlines in all regions have achieved growth in traffic and passenger load factors (PLFs), compared to the same month in 2022. Across the whole industry, PLFs have trended near those of 2019, an indication of high demand for air travel and good financial performance for airlines (**Chart 2**).

Chart 2 – Industry-wide passenger load factors, % share of available seat-kilometers (ASKs)



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

…mainly supported by strong domestic traffic

Total domestic RPKs grew 9.2% over 2019 numbers and 25.4% over 2022 levels, maintaining the improvement trend observed in recent months. On the hand, the recovery in international RPKs experienced a decrease compared to July, now standing 11.5% below August 2019 levels. While recovery trends in domestic and international traffic have been diverging since May 2023, international RPKs have maintained their growth, albeit at a slower pace than domestic

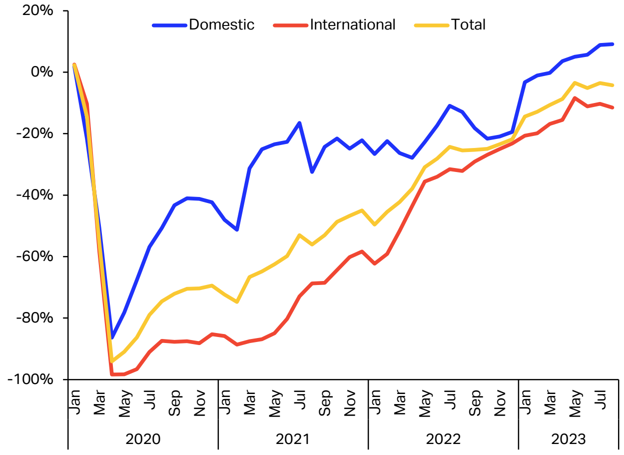
Air passenger market in detail - August 2023

	World share [1]	August 2023 (% year-on-year)				August 2023 (% ch vs the same month in 2019)			
		RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]	RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**28.4%**	**24.9%**	**2.3%**	**84.6%**	**-4.3%**	**-3.1%**	**-1.1%**	**84.6%**
International	*58.1%*	30.4%	27.5%	1.9%	85.4%	-11.5%	-11.2%	-0.3%	85.4%
Domestic	*41.9%*	25.4%	21.1%	2.9%	83.5%	9.2%	12.1%	-2.2%	83.5%

[1]% of industry RPKs in 2022 [2]Change in load factor [3]Load factor level

traffic and relative to the strong performance of international traffic in 2019 (**Chart 3**).

Chart 3 – Global domestic and international revenue passenger-kilometers (RPKs), YoY% change vs. 2019

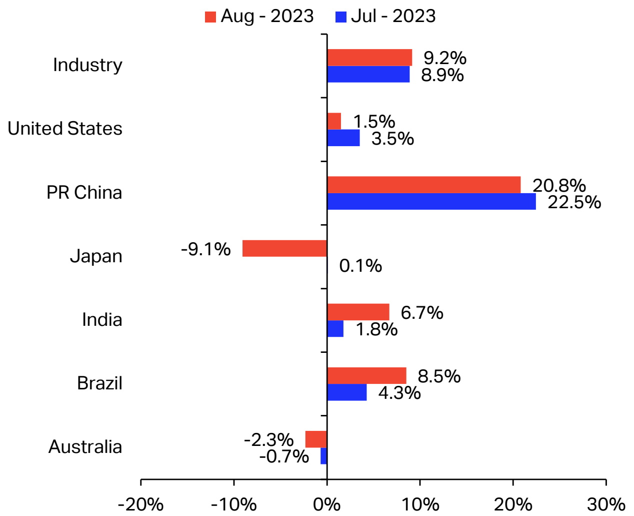


Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Performance remained resilient among monitored domestic markets…

PR China has seen substantial growth in domestic RPKs over recent months. Traffic almost doubled compared to last year, with 93.6% annual growth in August, albeit from a higher base. Domestic demand in the country remained 20.8% above pre-pandemic numbers while ASKs were 33.9% higher than August 2019 levels, resulting in a lower monthly PLF (**Chart 4**).

Chart 4 – Domestic RPK growth by market, YoY% change vs. 2019



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

In India, domestic traffic stood above pre-pandemic levels for the 7th consecutive month. RPKs increased 6.7% over 2019 levels and 23.2% YoY. Based on the most recent data and developments for the country's airlines, the Indian domestic market indicates that it has resumed its pre-pandemic growth trend.

Domestic RPKs in Australia were 2.3% under pre-Covid levels and increased 6.6% YoY. Traffic levels maintained a positive trend since April, when the seasonal peak did not appear in the country's total numbers and resulted in lower recovery rates.

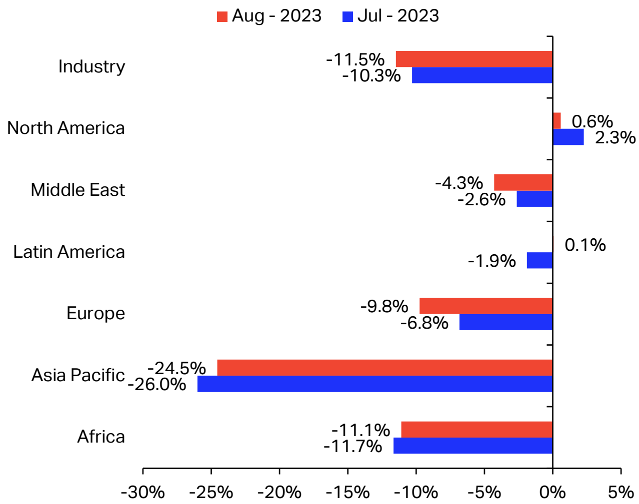
In August, Typhoon Khanun caused major air traffic disruptions in southern Japan. Domestic ASKs contracted 7.0% YoY while total RPKs grew by 8.7%. Compared to pre-pandemic levels, passenger numbers and available seats both significantly contracted, reflecting the typhoon's impact on traffic.

In the US, both capacity and passenger traffic continued to achieve growth over pre-Covid levels. ASKs and RPKs climbed 9.6% and 11.2% YoY, respectively. Brazil's recovery in domestic passenger numbers continued to be closely followed by seat capacity. While RPKs for the country's airlines were 8.5% higher than in 2019, ASKs were up 7.8%.

… while international recovery staggered as regions faced different challenges

Despite sustaining a positive trend in levels, the recovery of industry-wide international RPKs has been regressing since May 2023. While most regions have seen continuous recovery, Europe's momentum has been losing steam over the most recent months. In addition, August 2023 saw lower passenger traffic numbers than July, an unusual pattern in contrast to the historical seasonal trends. The region also faces a wider range of capacity constraints, which could further hinder traffic recovery. International RPKs performed by European carriers were 9.8% lower in August compared to pre-Covid levels, while the load factor remained 2.3 ppts below (**Chart 5**).

Chart 5 – International RPK growth by airline region of registration, YoY% change versus 2019



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

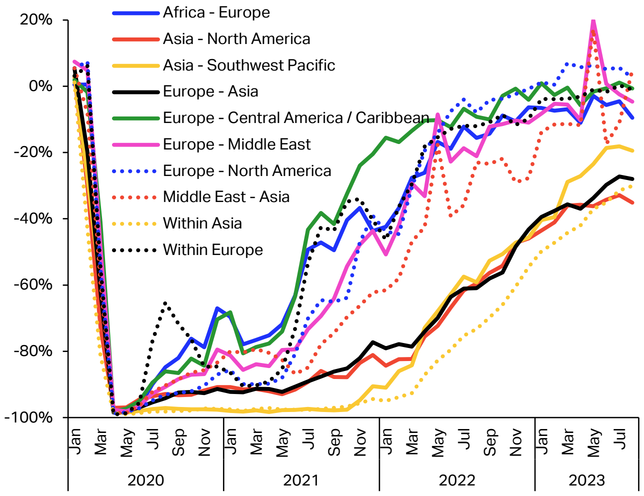
International RPKs in the Asia Pacific region surged 98.5% YoY, almost doubling when compared to the previous year but still down 24.5% compared to 2019 numbers. Nonetheless, the region's PLF was 5.5 ppts higher than in August 2022 (1.4 ppts above August 2019 levels), revealing the high demand for travel in the region.

African and Middle Eastern carriers saw 26.1% and 27.3% YoY growth in international RPKs in August, respectively. For both regions, traffic levels are still approaching full recovery, maintaining their upward trends observed since earlier this year.

North American airlines outperformed pre-pandemic levels for the 5th consecutive month, achieving 0.6% growth over August 2019 RPKs (**Chart 5**). Latin American carriers achieved full monthly recovery in international passenger traffic for the first time this month, surpassing 2019 levels by 0.1% and growing 26.4% YoY.

Reflecting the airlines' performances, major route areas have seen slight contractions in traffic recovery rates in August (**Chart 6**). International RPKs between Europe and the Americas, as well as Europe-Middle East, remained strong. Meanwhile traffic continued to be restored on Asia Pacific route areas. International traffic from China has not recovered as fast as domestic traffic. However, as demand gradually ramps ups, flows within and from Asia Pacific could recover further.

Chart 6 – International RPKs, YoY% change vs. 2019 – Top 10 route areas in 2019



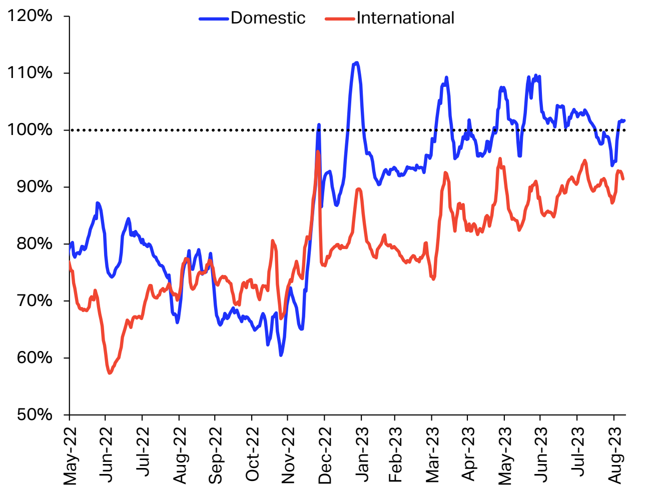
Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Recent ticket sales data signal potential slowdown in global recovery

Since January 2023, China's reopening greatly contributed to the rise in global passenger traffic. China's domestic market was the second largest in terms of RPKs, behind the US, and accounted for 27.2% of industry total domestic RPKs and 9.8% of industry total RPKs. The rapid surge in demand for air travel in the country also drove domestic ticket sales to new highs **(Chart 7).**

As August drew to a close, and domestic tourism in China started cool down, the number of ticket sales started to trend downwards. Latest bookings data suggest that the coming months might see lower traffic levels in China, impacting the regional and global traffic trends. On the other hand, international ticket sales have sustained a positive direction and continue to support a positive outlook for the upcoming months.

Chart 7 – Ticket sales by purchase date, 7-day moving average - % share of 2019 levels



Sources: IATA Sustainability and Economics, DDS

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	World share[1]	August 2023 (% year-on-year)				August 2023 (% ch vs the same month in 2019)			
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TOTAL MARKET	*100.0%*	**28.4%**	**24.9%**	**2.3%**	**84.6%**	**-4.3%**	**-3.1%**	**-1.1%**	**84.6%**
Africa	*2.1%*	24.8%	24.3%	0.3%	76.4%	-8.3%	-9.3%	0.8%	76.4%
Asia Pacific	*22.1%*	73.4%	57.7%	7.4%	82.2%	-7.1%	-5.1%	-1.8%	82.2%
Europe	*30.8%*	11.6%	10.2%	1.1%	87.6%	-6.6%	-5.1%	-1.4%	87.6%
Latin America	*6.4%*	17.6%	14.5%	2.2%	85.1%	6.9%	4.6%	1.8%	85.1%
Middle East	*9.8%*	26.4%	21.6%	3.2%	83.0%	-3.7%	-4.8%	1.0%	83.0%
North America	*28.8%*	12.6%	13.0%	-0.3%	85.8%	0.9%	2.5%	-1.4%	85.8%
International	*58.1%*	**30.4%**	**27.5%**	**1.9%**	**85.4%**	**-11.5%**	**-11.2%**	**-0.3%**	**85.4%**
Africa	*1.8%*	26.1%	25.5%	0.4%	76.2%	-11.1%	-11.8%	0.6%	76.2%
Asia Pacific	*8.9%*	98.5%	85.5%	5.5%	84.2%	-24.5%	-25.8%	1.4%	84.2%
Europe	*26.5%*	13.6%	12.3%	1.1%	86.8%	-9.8%	-7.3%	-2.3%	86.8%
Latin America	*2.8%*	26.4%	23.8%	1.7%	86.1%	0.1%	-2.4%	2.2%	86.1%
Middle East	*9.4%*	27.3%	22.7%	3.0%	83.1%	-4.3%	-5.1%	0.7%	83.1%
North America	*8.7%*	18.6%	17.5%	0.8%	87.7%	0.6%	1.3%	-0.6%	87.7%
Domestic	*41.9%*	**25.4%**	**21.1%**	**2.9%**	**83.5%**	**9.2%**	**12.1%**	**-2.2%**	**83.5%**
Dom. Australia[4]	*1.0%*	6.6%	10.7%	-3.2%	82.3%	-2.3%	-2.7%	0.3%	82.3%
Domestic Brazil[4]	*1.5%*	7.8%	5.4%	1.8%	83.1%	8.5%	7.8%	0.6%	83.1%
Dom. China P.R.[4]	*6.4%*	93.6%	66.2%	11.2%	79.1%	20.8%	33.9%	-8.5%	79.1%
Domestic India[4]	*2.0%*	23.2%	15.6%	5.1%	83.9%	6.7%	8.5%	-1.4%	83.9%
Domestic Japan[4]	*1.2%*	8.7%	-7.0%	12.0%	82.5%	-9.1%	-10.5%	1.3%	82.5%
Domestic US[4]	*19.2%*	9.6%	11.2%	-1.2%	84.4%	1.5%	4.2%	-2.2%	84.4%

[1]% of industry RPKs in 2022 [2]Change in load factor [3]Load factor level

4 Note: the six domestic passenger markets for w hich broken-dow n data are available account for approximately 31.3% of global total RPKs and 74.6% of total domestic RPKs

Note: The total industry and regional grow th rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in w hich the carrier is registered; it should not be considered as regional traffic.

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