![IATA]

Air Passenger Market Analysis

July 2022

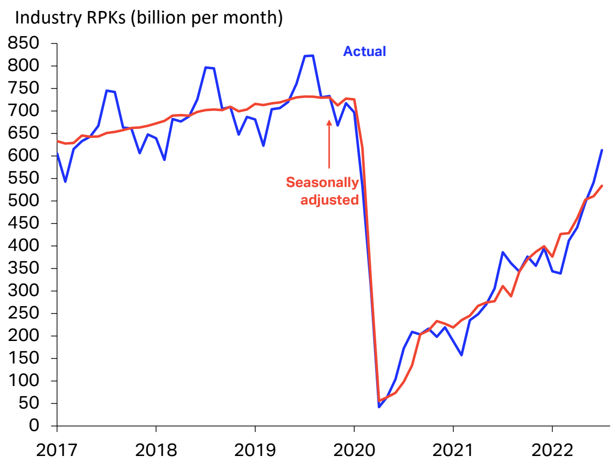
Recovery accelerates for the global domestic market

- Air passenger travel continues its robust recovery, with revenue passenger kilometers (RPKs) rising by 58.8% in year-on-year (YoY) terms in July.
- Domestic RPKs are now the main driver of the recovery. Volumes grew by 4.1% YoY and reached 86.9% of 2019 levels in July.
- International RPKs continue to increase globally, supported by easing travel restrictions in Asia Pacific. Traffic increased 150.6% YoY, which places the international industry 32.1% below July 2019.
- The load factor remains high industry wide at 83.5%, with North America in the lead at 88.2%. International flights sport an 85% load factor compared to 81.3% in domestic markets.
- Looking ahead, forward bookings indicate a clear upward trend for domestic traffic. International bookings lost a bit of momentum in July, a slight decrease that is attributed to seasonal trends.

Strong industry-wide recovery continues in July

Industry-wide revenue passenger-kilometers (RPKs) grew by 58.8% YoY in July 2022. Global traffic is now at 75.6% of 2019 levels, which is nearly a 5 ppts increase from June (**Chart 1**).

Chart 1: Global air passenger volumes (RPKs)



Sources: IATA Economics, IATA Monthly Statistics

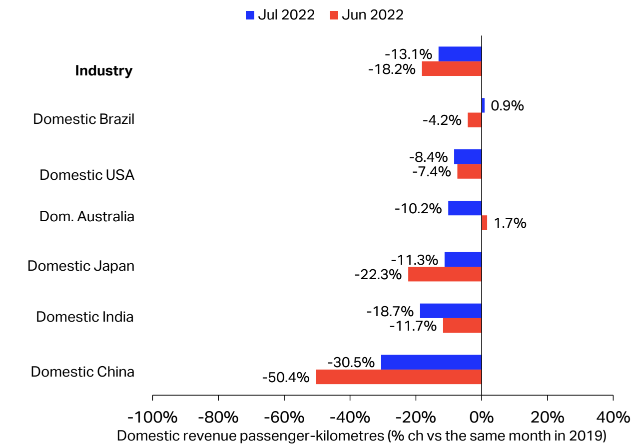
In both domestic and international markets, the passenger load factor (PLF) increased substantially over the past months and in July remained above 80%.

Domestic traffic recovery accelerates globally, driven by pick up in China PR

Global domestic RPKs grew by 4.1% YoY in July. After a long sideways trend, our latest data gives hints of upcoming positive developments for the global domestic market, mainly driven by increasing traffic in Asia Pacific and notably in China PR.

Compared to 2019, domestic traffic gained 5.1 ppts in July to stand currently 13.1% below the July 2019 level (**Chart 2**).

Chart 2 – Domestic RPK growth (airline region of registration basis), YoY% ch vs 2019



Sources: IATA Economics, IATA Monthly Statistics

In China, domestic RPKs continued to ramp up and are now 30.5% below 2019 levels which represents a 19.9 ppts increase from June. A swift recovery can be expected in this market since every prior easing of travel restrictions has been met with high demand for air travel.

US domestic traffic remains stable and close to full recovery levels compared to 2019. On that basis,

	World share [1]	July 2022 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]	RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**58.8%**	**37.3%**	**11.3%**	**83.5%**	**77.9%**	**49.6%**	**12.1%**	**76.2%**
International	*37.7%*	150.6%	80.2%	23.9%	85.0%	233.7%	117.9%	26.1%	75.2%
Domestic	*62.3%*	4.1%	3.4%	0.5%	81.5%	12.3%	6.6%	4.0%	77.5%

[1]% of industry RPKs in 2021 [2]Year-on-year change in load factor [3]Load factor level

volumes are 8.4% lower this month, a 1ppt decrease from June 2022. However, domestic RPKs in this market grew by 2.8% month-on-month (MoM), a clear manifestation of the resilient US recovery.

In Brazil, domestic passenger volumes were up 24.2% YoY in July, and have now reached pre-pandemic levels, with volumes 0.9% higher than July 2019. Following a few months of sideways evolution, traffic increased substantially this month with a 28.8% MoM ramp up.

In India, domestic RPKs increased by 97.8% YoY, nevertheless leaving July results down 18.7% compared to the same month in 2019. In Japan, the recovery accelerated, with traffic volumes up 104.0% YoY. Domestic RPKs are 11.3% below their pre-pandemic level, a 11.2 ppts increase from June.

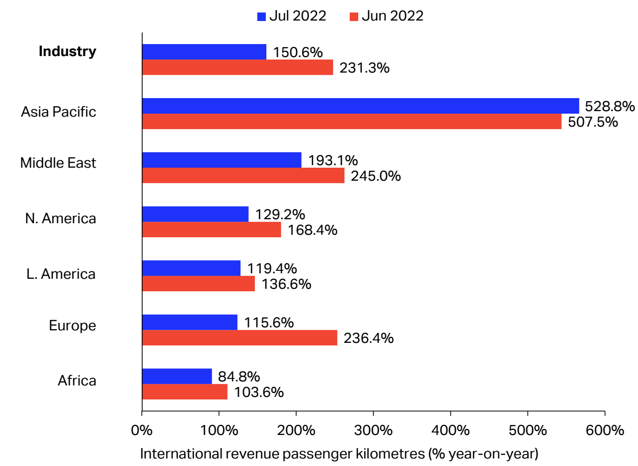
The domestic market in Australia recorded a 239.7% YoY increase in July and gained 6.0% MoM. This moves current traffic levels to 10.2% below that prior to the pandemic .

Insufficient data do not allow us to report on market developments for domestic Russia.

The international recovery extends into July

International RPKs rose by 150.6% YoY in July, showing that the strong recovery continues for the global international market (**Chart 3**).

Chart 3: International RPK growth (airline region of registration basis), %YoY

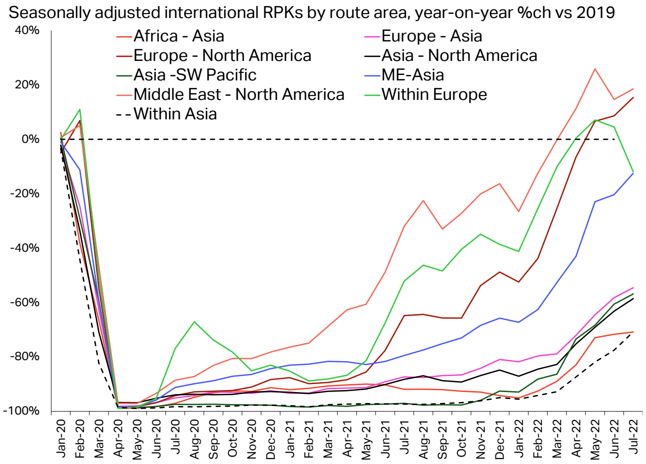


Sources: IATA Economics, IATA Monthly Statistics

Airlines based in Asia Pacific recorded again the strongest YoY growth rates for international RPKs this month, at 528.8%. Volumes in July increased by 23.1% MoM, recording the fifth month of consecutive growth for this region.

However, the recovery is still lagging in this region (**Chart 4)**, as routes between Asia Pacific and other parts of the world contrast with routes where traffic has already reached or surpassed pre-pandemic levels.

Chart 4: Seasonally adjusted international RPKs, selected routes



Source : IATA Economics, IATA Monthly Statistics

Airlines based in Europe achieved growth of 115.6% in international RPKs over the year to July and reached 79.7% of pre-crisis levels. International traffic within Europe exceeded 2019 levels in May and June (by 7.1% and 4.5% respectively but dipped 11.9% below in July.

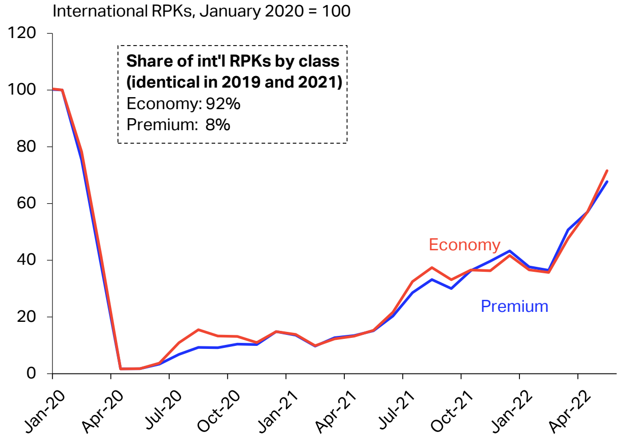
Airlines in Latin and North America recorded YoY growth in international RPKs of 119.4% and 129.2% respectively in July. North American carriers have achieved 87.3% of July 2019 RPKs and are still the best performing of all regions for this metric. International RPKs for the Latin American carriers are now 23.7% below the pre-pandemic level.

For airlines of the Middle East, traffic was up by 193.1% YoY in July and international RPKs are now 22.3% below the July 2019 level. International traffic continues to improve also for airlines based in Africa with an increase of 84.8% YoY in July.

Economy-class travel slightly ahead of Premium

Recovery trends for traffic in the Premium and Economy cabin classes are usually aligned, apart from past summer seasons during which economy class travel took the lead. This historic seasonal divergence seems to emerge again in 2022 with economy class RPKs – which include premium economy (and account for 92% of total RPKs) – at 71.5% of their January 2020 levels in July 2022. Premium RPKs – which capture travel in first and business class cabins – reached a more modest 67.7% of January 2020 traffic levels in May (**Chart 5**).

Chart 5: International RPKs by cabin class



Source: IATA Monthly Statistics

Industry capacity continues to follow demand

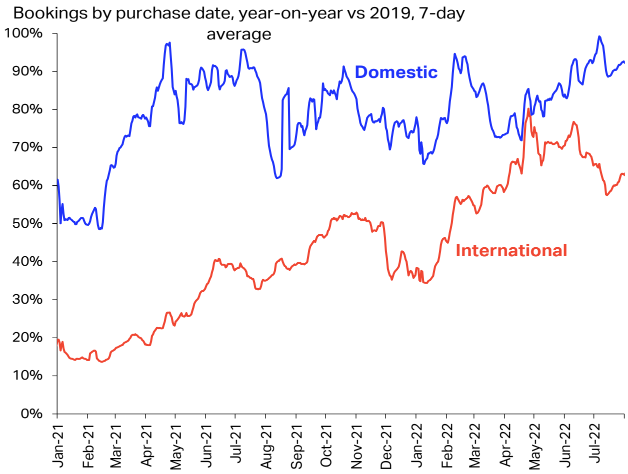
Industry-wide available seat-kilometers (ASKs) grew by 37.3% over the year to July, following the worldwide recovery. Offered capacity remains 23.6% below pre-pandemic levels. Across regions, North and Latin America are in the lead with total capacity reaching 9% below the pre-pandemic level. On a global scale, the increase in international traffic is driving the recovery in capacity.

Domestic bookings on an upwards trend, international show slight increase

International bookings rose slightly in July after having lost momentum in June 2022. In the spring, domestic and international traffic levels sported virtually equal shares of their respective 2019 levels. Since then, the gap has widened again, with international falling behind domestic. This can mostly be explained by the partial reopening of the China PR market, boosting domestic bookings. We can anticipate that the eventual lifting of remaining travel restrictions in Asia Pacific will accelerate the move by unleashing pent up demand in the region.

International bookings nevertheless improved in July as willingness to travel remains strong despite high energy prices, traffic disruptions, and other economic headwinds.

Chart 6: Passenger ticket sales, Domestic and International, YoY% versus 2019



Source: IATA Economics using DDS

Air passenger market in detail - July 2022

	World share[1]	July 2022 (% year-on-year) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]	% year-to-date RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**58.8%**	**37.3%**	**11.3%**	**83.5%**	**77.9%**	**49.6%**	**12.1%**	**76.2%**
Africa	*1.9%*	81.9%	48.3%	13.9%	75.3%	81.9%	49.5%	12.3%	69.4%
Asia Pacific	*27.5%*	47.5%	28.1%	10.0%	76.4%	10.9%	5.0%	3.6%	67.7%
Europe	*25.0%*	84.0%	48.9%	16.6%	87.0%	177.0%	116.2%	17.1%	78.2%
Latin America	*6.5%*	59.2%	53.2%	3.1%	83.1%	90.6%	75.7%	6.3%	80.6%
Middle East	*6.6%*	176.7%	75.3%	29.8%	81.2%	205.9%	85.0%	28.6%	72.4%
North America	*32.6%*	26.9%	21.2%	4.0%	88.2%	64.0%	40.3%	11.9%	82.3%
International	***37.7%***	**150.6%**	**80.2%**	**23.9%**	**85.0%**	**233.7%**	**117.9%**	**26.1%**	**75.2%**
Africa	*1.5%*	84.8%	46.7%	15.5%	75.0%	87.6%	48.8%	14.2%	68.5%
Asia Pacific	*3.1%*	528.8%	159.9%	47.1%	80.2%	322.7%	101.3%	34.7%	66.3%
Europe	*18.7%*	115.6%	64.3%	20.6%	86.7%	264.1%	154.7%	23.3%	77.6%
Latin America	*2.1%*	119.4%	92.3%	10.5%	85.2%	176.4%	126.2%	14.8%	81.3%
Middle East	*6.0%*	193.1%	84.1%	30.5%	82.0%	229.8%	94.7%	29.8%	72.7%
North America	*6.2%*	129.2%	79.9%	19.4%	90.3%	180.5%	90.4%	25.2%	78.3%
Domestic	***62.3%***	**4.1%**	**3.4%**	**0.5%**	**81.5%**	**12.3%**	**6.6%**	**4.0%**	**77.5%**
Dom. Australia[4]	*0.8%*	239.7%	106.6%	33.7%	86.0%	60.1%	37.9%	10.5%	75.2%
Domestic Brazil[4]	*1.9%*	24.2%	28.1%	-2.5%	80.4%	52.5%	52.3%	0.1%	78.9%
Dom. China P.R.[4]	*17.8%*	-28.7%	-25.2%	-3.6%	73.0%	-44.7%	-37.3%	-8.7%	64.8%
Domestic India[4]	*2.2%*	97.8%	72.4%	9.8%	76.4%	70.3%	42.6%	12.9%	79.0%
Domestic Japan[4]	*1.1%*	104.0%	65.1%	12.4%	65.1%	87.2%	57.8%	8.6%	54.5%
Domestic US[4]	*25.6%*	0.7%	2.1%	-1.2%	87.1%	37.2%	23.4%	8.4%	84.1%

[1]% of industry RPKs in 2021 [2]Year-on-year change in load factor [3]Load factor level

[4] Note: the seven domestic passenger markets for w hich broken-dow n data are available account for approximately 54% of global total RPKs and 86% 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 registrated; it should not be considered as regional traffic.

Air passenger market - 2022 vs. 2019

	World share[1]	July 2022 (% ch vs the same month in 2019) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	**100.0%**	**-25.4%**	**-23.6%**	**-2.0%**	**83.5%**
Africa	1.9%	-26.2%	-28.5%	2.3%	75.3%
Asia Pacific	27.5%	-46.0%	-41.4%	-6.5%	76.4%
Europe	25.0%	-18.1%	-16.1%	-2.1%	87.0%
Latin America	6.5%	-11.5%	-9.3%	-2.0%	83.1%
Middle East	6.6%	-22.0%	-22.0%	0.0%	81.2%
North America	32.6%	-10.0%	-9.7%	-0.4%	88.2%

[1]% of industry RPKs in 2021 [2]Change in load factor vs same month in 2019 [3]Load factor level

	World share[1]	July 2022 (% ch vs the same month in 2019) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
Domestic	**62.3%**	**-13.1%**	**-8.1%**	**-4.7%**	**81.5%**
Dom. Australia	0.8%	-10.2%	-13.1%	2.8%	86.0%
Domestic Brazil	1.9%	0.9%	6.3%	-4.3%	80.4%
Dom. China P.R.	17.8%	-30.5%	-19.2%	-11.9%	73.0%
Domestic India	2.2%	-18.7%	-7.8%	-10.3%	76.4%
Domestic Japan	1.1%	-11.3%	-2.2%	-6.7%	65.1%
Domestic US	25.6%	-8.4%	-6.1%	-2.2%	87.1%

[1]% of industry RPKs in 2021 [2]Change in load factor vs same month in 2019 [3]Load factor level

	World share[1]	July 2022 (% ch vs the same month in 2019) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
International	**37.7%**	**-32.1%**	**-32.0%**	**-0.2%**	**85.0%**
Africa	1.5%	-29.4%	-31.7%	2.5%	75.0%
Asia Pacific	3.1%	-64.7%	-63.7%	-2.3%	80.2%
Europe	18.7%	-20.3%	-18.2%	-2.3%	86.7%
Latin America	2.1%	-23.7%	-23.4%	-0.4%	85.2%
Middle East	6.0%	-22.3%	-22.9%	0.6%	82.0%
North America	6.2%	-12.7%	-15.1%	2.4%	90.3%

[1]% of industry RPKs in 2021 [2]Change in load factor vs same month in 2019 [3]Load factor level

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