

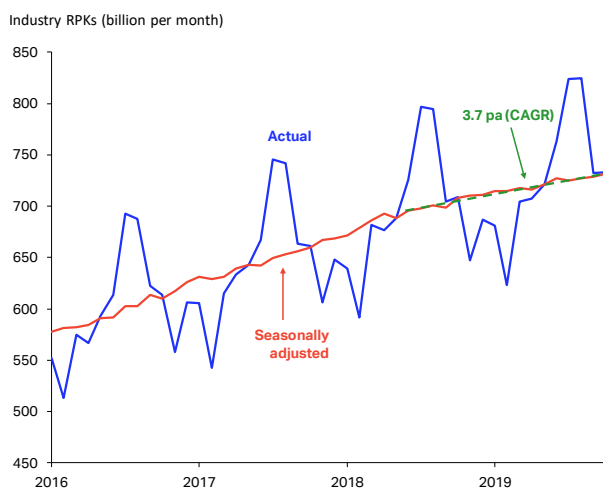
## Annual growth slows, but the upward trend remains solid

- Industry-wide revenue passenger kilometres (RPKs) grew by 3.4% year-on-year in October – a modest slowdown from 3.9% in September. Despite that, seasonally adjusted volumes sustained their moderate upward trend.
- The industry-wide passenger load factor reached a new all-time high for the month of October (82.0%) as demand continues to grow faster than capacity. All regions except for Africa recorded a higher load factor than a year ago.
- International RPK growth was unchanged from last month as a faster expansion recorded by the Middle Eastern carriers broadly offset a slowdown in Europe and Latin America. By contrast, growth in domestic RPKs softened this month largely on the back of weaker China and US market outcomes.

### Modest slowdown in year-on-year growth

Industry-wide revenue passenger kilometres (RPKs) grew by 3.4% year-on-year in October – down from 3.9% in September due to a weaker performance from domestic markets. Nonetheless, the moderate upward trend in seasonally adjusted (SA) RPKs remains firmly in place with passenger volumes rising at a 3.7% annualized rate since Q2 2018 – broadly unchanged from that of previous months.

**Chart 1 – Air passenger volumes and latest trend**



Sources: IATA Economics, IATA Monthly Statistics

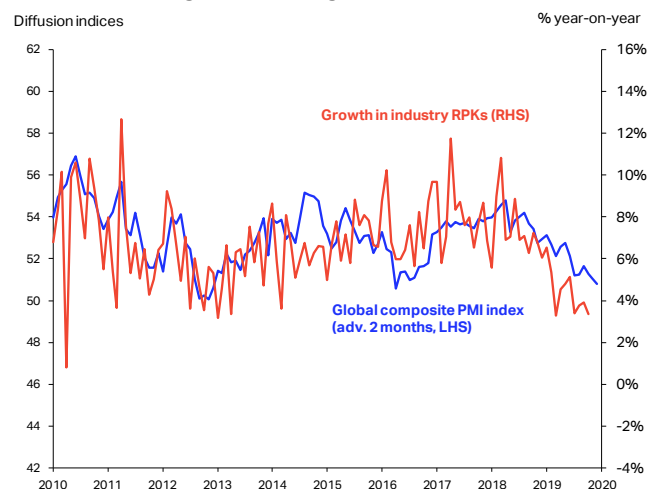
### Key economic indicators remain mixed

Drivers of air passenger demand continue to show mixed outcomes. The latest Q3 2019 GDP results point to ongoing weakness in economic activity across a number of a key passenger markets, especially in Asia Pacific and Europe. Looking ahead,

however, the latest IMF forecasts, suggest that global growth is expected to improve in 2020. This improvement is likely to be led by the world's emerging markets.

The global composite PMI (a reliable leading indicator of RPK growth in the past) eased this month (Chart 2), to its lowest level since 2016. This indicates that any sharp improvement in industry-wide RPK growth is unlikely in the near term.

**Chart 2 – RPK growth and global business confidence**



Sources: IATA Economics, IATA Monthly Statistics, Markit

Despite the softness in business sentiment at the global level, the PMI data are more supportive of air traffic across a number of the key emerging markets, including China, Brazil and Russia. By contrast, none of advanced economies that we regularly track recorded

### Air passenger market overview - October 2019

	World share <sup>1</sup>	October 2019 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>3.4%</b>	<b>2.2%</b>	<b>0.9%</b>	<b>82.0%</b>	<b>4.3%</b>	<b>3.8%</b>	<b>0.5%</b>	<b>82.8%</b>
International	63.9%	3.2%	1.6%	1.3%	81.0%	4.3%	3.6%	0.5%	82.2%
Domestic	36.1%	3.6%	3.4%	0.2%	83.9%	4.5%	4.0%	0.4%	83.9%

<sup>1</sup>% of industry RPKs in 2018

<sup>2</sup>Year-on-year change in load factor

<sup>3</sup>Load factor level

an improvement in economic conditions this month (Chart 3).

**Chart 3 – Economic conditions (monthly data from composite PMIs, selected regions and countries)**



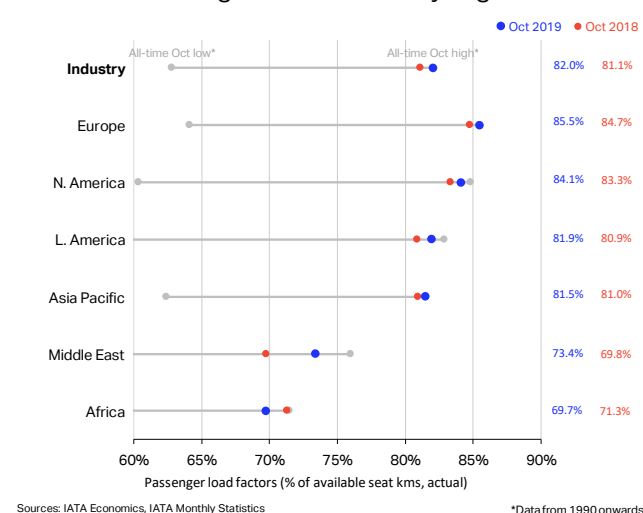
**Another month of record-high load factors...**

Industry-wide available seat kilometres (ASKs) grew by a modest 2.2% year-on-year in October, 1.2ppt slower than RPK growth. As a result, the industry-wide passenger load factor (PLF) rose to a record-high 82.0% for the month.

Most of the regions recorded a PLF higher than a year ago with Europe and Asia Pacific posting all-time high outcomes for the month of October. Africa was the only exception, although 69.7% represents still a robust result by its historical standards.

Looking to 2020, a high level of scheduled aircraft deliveries could see a sizeable increase in capacity and present challenges to aircraft load factors and yields, as discussed in our recent [note](#).

**Chart 4 – Passenger load factors by region**



**International growth unchanged from September**

Annual growth in international RPKs remained unchanged from September at 3.2% despite some changes in the regional growth composition. Indeed, further slowdown in Europe and contraction in Latin America was offset by outperformance of the Middle

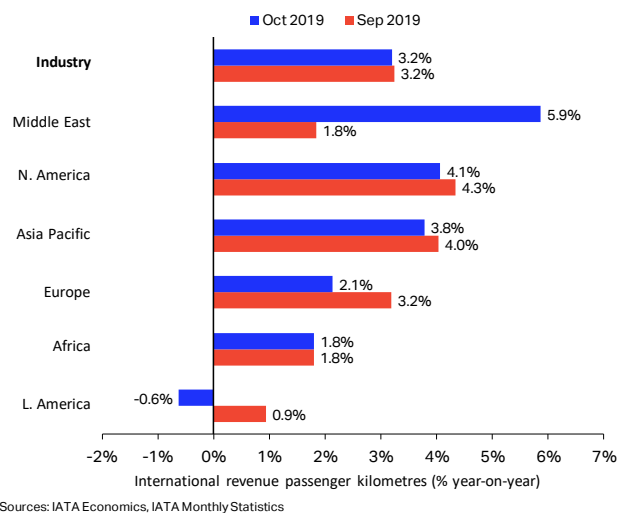
Eastern airlines which rose to the top of the growth chart for the first time since June 2018.

**Sharp pick up in growth in the Middle East**

International RPKs picked up to ~6% year-on-year for carriers based in the Middle East. This represents a sharp improvement compared to the growth rates seen throughout most of 2019 (1.9% average).

With ASKs increasing by just 0.3% over the past year, the passenger load factor has increased by a substantial 3.9 percentage points over this period – easily the strongest PLF performance across any of the regions.

**Chart 5 – International RPK growth (airline region of registration basis)**



**Stable pace of growth in North America & Asia Pacific**

North American carriers flew 4.1% more RPKs this October compared to a year ago, a pace broadly unchanged from September. SA volumes sustained their modest upward trend (3.2% annualized growth rate over the past six months), underpinned by a solid US economy and robust consumer spending.

Similarly, Asia Pacific airlines recorded broadly unchanged annual growth from September (3.8%), with SA volumes trending upwards steadily at a 4.6% annualized growth rate over the last half year. The outcome remains well below 2018 levels on the back of weaker business confidence in a number of key markets, the impact of the US-China trade war on the region and the recent disruptions in Hong Kong.

**...and further slowdown in Europe**

For European airlines, international RPK growth slowed for the second consecutive month to 2.1% year-on-year. The more moderate upward trend in SA RPKs that emerged in late-2018 remains in place notwithstanding generally soft economic activity in some of the key economies further recent falls in business confidence (Chart 3).

Within the industry, recent labour disputes and the collapse of a number of airlines have contributed to a challenging business environment in 2019.

#### Another month of softer growth in Africa...

African carriers flew 1.8% more international RPKs compared to a year ago. This marks a second consecutive month of weaker growth which is in line with the broadly sideways SA RPK trend that emerged since July. With ASKs increasing by 3.6% year-on-year, Africa is the only region to see a lower load factor than a year ago.

#### ...accompanied by contraction in Latin America

International RPKs for Latin America carriers contracted by 0.6% in annual terms – the weakest demand outcome since late-2010. A number of the region's key economies have faced a deterioration in economic conditions and in some cases rising social and political unrest. Both of these factors are likely to adversely impact air transport demand.

#### Domestic RPK growth slowed compared to Sept.

Globally, domestic RPK growth eased to 3.6% year-on-year in October, driven by a softer performance from the domestic markets in China and the US.

#### Russia tops the domestic growth chart in October...

Russia domestic was the fastest expanding market this month, with RPK growth rising by almost 2.5ppt to a robust 5.6% year-on-year pace. This growth reflects a combination of factors including ongoing network expansion, a fall in average air fares over the past year and a recent improvement in the pace of domestic economic activity.

#### ...followed by the China domestic market

Despite a modest uptick in SA volumes, domestic China RPK growth eased for the third consecutive month to 5.3% year-on-year. While this month's outcome can be partly attributed to a stronger outturn a year ago, the modest easing in China's consumer spending is also likely impacting domestic passenger demand.

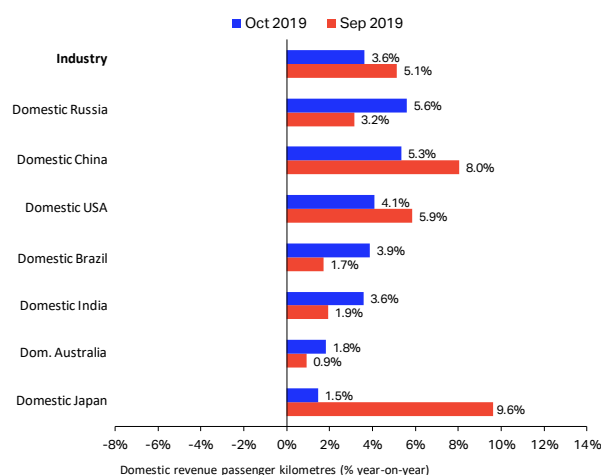
#### US growth returns to around its 2019 average

Annual growth in US domestic RPKs softened to 4.1% year-on-year in October. Although this is a weaker performance compared to September (5.9%), the pace is broadly in line with this year's average. Indeed, the solid upward trend in SA traffic remains in place (4.3% annualized over the past six months), underpinned by solid economic activity, a low unemployment rate (3.6% in October) and ongoing robust consumer spending.

#### Another month of growth recovery for Brazil

Domestic Brazil RPK growth picked up to 3.9% year-on-year – the second-fastest pace this year after February. SA volumes have now recovered to the levels observed in early-2019, prior to the demise of Avianca Brasil. Improving business confidence and a more positive economic backdrop have both contributed to the recent growth performance.

**Chart 7 – Domestic RPK growth by market**



Sources: IATA Economics, IATA Monthly Statistics

#### Growth in India lags the robust 2018 outcomes

In India, RPK growth picked up by almost 2ppt to 3.6% year-on-year, supported by the start of the main tourist season. Nonetheless, passenger volumes continue to expand at a much slower pace than seen in 2018, reflecting the general economic slowdown and disruptive impact of the collapse of Jet Airways earlier in the year.

#### Further growth improvement for Australia...

Domestic Australia RPKs grew by 1.8% year-on-year in October, up from a revised 0.9% in September. Albeit modest, the current pace represents one of the best outcomes this year, notwithstanding the lackluster recent domestic economic data.

#### ...but a sharp unwind for Japan

After the exceptional surge last month (due to the weak outcome in 2018), annual RPK growth in domestic Japan unwound to 1.5%, the slowest pace this year. SA volumes also fell, reflecting the country's subdued business confidence and disruptions associated with Typhoon Hagibis which led to flight cancellations.

## Air passenger market detail - October 2019

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<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>3.4%</b>	<b>2.2%</b>	<b>0.9%</b>	<b>82.0%</b>	<b>4.3%</b>	<b>3.8%</b>	<b>0.5%</b>	<b>82.8%</b>
Africa	2.1%	3.0%	5.3%	-1.6%	69.7%	4.3%	4.3%	0.0%	71.8%
Asia Pacific	34.5%	3.6%	2.9%	0.5%	81.5%	4.8%	4.8%	0.0%	81.9%
Europe	26.8%	2.2%	1.4%	0.7%	85.5%	4.9%	4.6%	0.2%	85.5%
Latin America	5.1%	2.7%	1.4%	1.1%	81.9%	4.6%	3.1%	1.2%	82.7%
Middle East	9.2%	5.5%	0.3%	3.6%	73.4%	2.1%	0.6%	1.1%	76.3%
North America	22.3%	3.9%	2.9%	0.8%	84.1%	3.8%	2.6%	1.0%	85.0%
<b>International</b>	<b>63.9%</b>	<b>3.2%</b>	<b>1.6%</b>	<b>1.3%</b>	<b>81.0%</b>	<b>4.3%</b>	<b>3.6%</b>	<b>0.5%</b>	<b>82.2%</b>
Africa	1.8%	1.8%	3.6%	-1.3%	69.0%	4.2%	3.9%	0.2%	71.3%
Asia Pacific	19.0%	3.8%	2.7%	0.9%	79.6%	4.4%	4.2%	0.1%	80.8%
Europe	23.9%	2.1%	1.3%	0.7%	85.7%	5.1%	4.8%	0.2%	85.8%
Latin America	2.7%	-0.6%	-2.3%	1.4%	81.4%	3.7%	2.3%	1.1%	83.0%
Middle East	8.9%	5.9%	0.3%	3.9%	73.5%	2.3%	0.7%	1.2%	76.4%
North America	7.6%	4.1%	2.0%	1.6%	82.1%	3.9%	2.3%	1.2%	84.2%
<b>Domestic</b>	<b>36.1%</b>	<b>3.6%</b>	<b>3.4%</b>	<b>0.2%</b>	<b>83.9%</b>	<b>4.5%</b>	<b>4.0%</b>	<b>0.4%</b>	<b>83.9%</b>
Dom. Australia <sup>4</sup>	0.9%	1.8%	0.5%	1.1%	82.8%	0.1%	0.0%	0.0%	79.8%
Domestic Brazil <sup>4</sup>	1.1%	3.9%	0.7%	2.6%	84.0%	0.1%	-2.2%	1.9%	82.6%
Dom. China P.R. <sup>4</sup>	9.5%	5.3%	6.1%	-0.6%	85.4%	8.5%	9.0%	-0.4%	85.0%
Domestic India <sup>4</sup>	1.6%	3.6%	2.8%	0.6%	83.7%	4.7%	4.4%	0.2%	87.0%
Domestic Japan <sup>4</sup>	1.1%	1.5%	-0.1%	1.2%	77.4%	4.1%	3.0%	0.8%	73.7%
Dom. Russian Fed. <sup>4</sup>	1.5%	5.6%	5.0%	0.5%	84.7%	7.4%	7.5%	-0.1%	84.0%
Domestic US <sup>4</sup>	14.0%	4.1%	3.6%	0.4%	85.4%	4.1%	3.2%	0.8%	85.6%

<sup>1</sup>% of industry RPKs in 2018

<sup>2</sup>Year-on-year change in load factor

<sup>3</sup>Load factor level

<sup>4</sup>Note: the seven domestic passenger markets for which broken-down data are available account for 30% of global total RPKs and approximately 82% of total domestic RPKs

**Note:** The total industry and regional growth 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 which the carrier is registered; it should not be considered as regional traffic.

### Get the data

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