



Air Passenger Market Analysis

April 2023

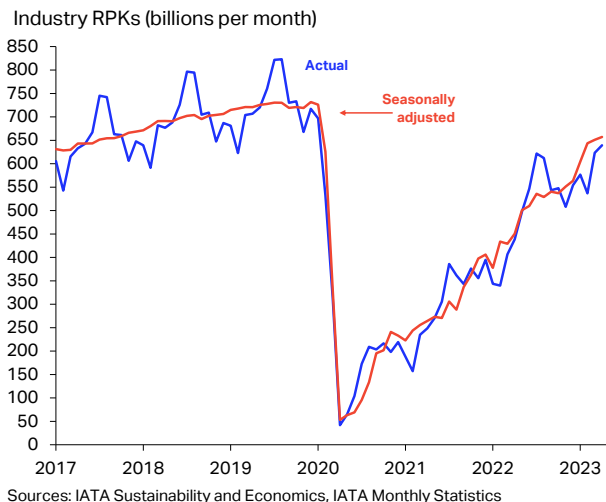
Domestic traffic fully recovers to pre-pandemic levels

- Air passenger traffic growth persisted in April, with industry-wide revenue passenger-kilometers (RPKs) increasing 45.8% year-on-year (YoY), reaching 90.5% of pre-Covid levels.
- Domestic traffic fully recovered for the first time since the pandemic began, surpassing the benchmark 2019 levels by 2.9%. This recovery was driven by growth in various markets, particularly in the Asia Pacific region.
- The recovery in international traffic remained resilient, growing 48.0% YoY. With China's international markets reopened, Asia Pacific carriers registered an annual growth of 192.7%. Across the industry, international traffic remained 16.4% below pre-pandemic levels in April.
- North American carriers achieved full recovery in international passenger traffic, with RPKs standing 0.4% above April 2019 levels.

April saw further global traffic recovery...

Industry-wide revenue passenger-kilometers (RPKs) increased 45.8% year-on-year (YoY) in April. While this growth rate was lower compared to the first quarter, it still indicated a positive trend. Adjusted for seasonality, RPKs rose by 0.9% in April over the previous month. The slowdown in month-on-month growth aligns with the lower annual growth rate, which can be attributed to the industry's progress towards reaching 2019 levels while building upon the higher base established in 2022 (**Chart 1**).

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



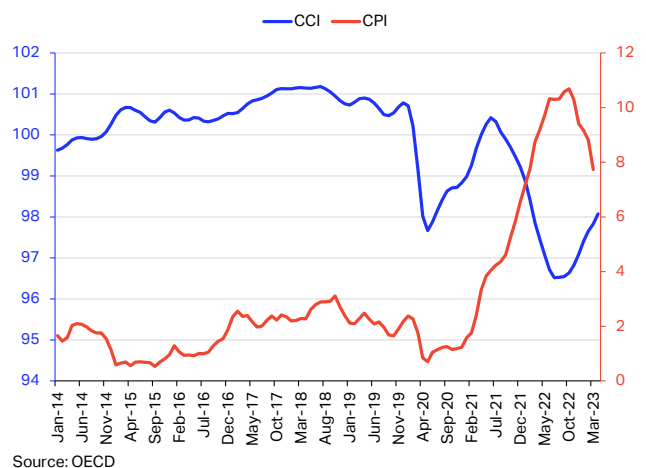
Industry-wide available seat capacity, measured in available seat-kilometers (ASKs), increased 39.7%

compared to a year ago. This growth was in line with the recovery in passenger demand as the industry-wide load factor reached 81.3% in April 2023, sitting only 1.8 percentage points (ppts) below the pre-pandemic level.

...while macroeconomic headwinds eased

Across the OECD, consumer price inflation likely peaked in October 2022 while consumer confidence also dropped to a historical low (**Chart 2**). However, there has been a subsequent decrease in the annual inflation rate and a rise in consumer confidence in most OECD countries.

Chart 2 – OECD total Consumer Price Index (CPI), YoY% change and Consumer Confidence Index (CCI)



The inflation rate in the OECD is expected to pull back to 6.6% in 2023. However, prices are still high and

Air passenger market overview - April 2023

	World	April 2023 (% year-on-year)				April 2023 (% ch vs the same month in 2019)			
	share ¹	RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	45.8%	39.7%	3.4%	81.3%	-9.5%	-7.5%	-1.8%	81.3%
International	58.0%	48.0%	38.1%	5.5%	81.4%	-16.4%	-15.1%	-1.3%	81.4%
Domestic	42.0%	42.6%	42.1%	0.3%	81.1%	2.9%	6.3%	-2.7%	81.1%

¹% of industry RPKs in 2022

²Change in load factor

³Load factor level

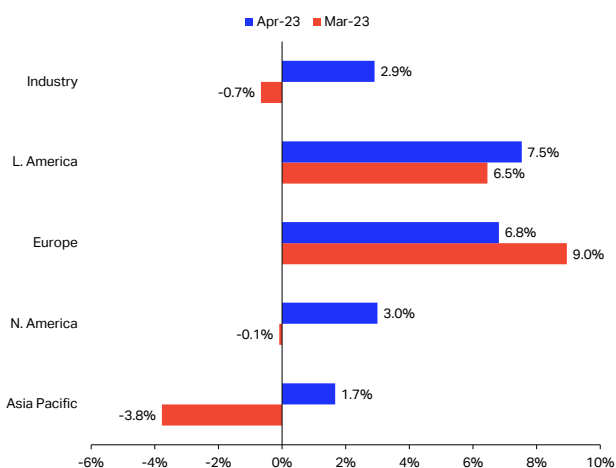
continuing to rise, albeit at a slower rate. Inflation has a significant impact on airlines as the price of jet fuel is considerably higher than other household energy sources, and it represents a substantial portion of their operating expenses. However, since unemployment rates are at historically low levels, we anticipate a consistent level of demand for air travel as more people are earning income, despite their reduced purchasing power due to inflation. Additionally, the decline in jet fuel prices is expected to moderate airline operating costs.

Total domestic traffic surpassed 2019 levels...

A significant milestone was achieved this month as global domestic traffic surpassed the levels observed in 2019, indicating a full recovery (**Chart 3**). Both domestic RPKs and ASKs topped their April figures from 2019, with RPKs exceeding by 2.9% and ASKs by 6.3%. Even though the recovery in domestic seat capacity outpaced passenger traffic on a global scale, the load factor increased to 81.1%, which is 2.7 percentage points below the pre-pandemic level. The growth in domestic RPKs was robust and widespread, as all regions where we report domestic traffic surpassed their pre-pandemic levels in April.

Maintaining their positive momentum, **Europe** and **Latin America** carriers continued to outperform their pre-pandemic levels in terms of domestic RPKs this month. Airlines registered in **Europe** observed a growth of 6.8% compared to April 2019, while **Latin America** carriers experienced an even higher increase of 7.5%. Similarly, **North America** carriers matched their performance from February 2023 with another 3.0% growth above the levels seen in 2019. Notably, April marked the first month in which **Asia Pacific** carriers achieved domestic RPK growth surpassing their 2019 levels (**Chart 3**).

Chart 3 – Domestic RPK growth by airline region of registration, YoY% change versus 2019



Source: IATA Sustainability and Economics, IATA Monthly Statistics

... with the recovery accelerated by recent developments in Asia Pacific

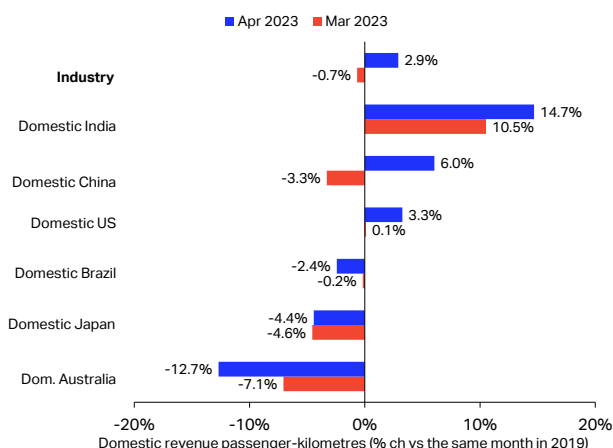
In 2019, **Asia Pacific** carriers held the largest proportion of total domestic RPKs at 43.1%, followed closely by **North America** airlines at 40.7%. Currently, **Asia Pacific** carriers are making significant progress in reclaiming their dominant position in global domestic demand, as demonstrated by an impressive annual increase of 155.3% in domestic RPKs in April 2023. This growth outpaced other regions in terms of percentage growth and helped **Asia Pacific** carriers to exceed their pre-Covid traffic levels by 1.7% this month.

On the other hand, **Asia Pacific** airlines have experienced capacity growth outpacing the increase in demand. ASKs exceeded the levels observed in April 2019 by 11.1%, highlighting the rapid restoration of capacity by the airlines in the region, especially in China.

... and the swift recovery in China

In April, domestic traffic in China showed significant progress, achieving a full recovery and surpassing 2019 levels by 6.0%, with a remarkable annual growth of 536.2% from a low base (**Chart 4**). However, compared to the same month in 2019, the load factor difference in China was the highest among the markets being monitored. This was due to the capacity (ASKs) being 21.3% higher than the pre-pandemic levels.

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



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Traffic levels were stable in Japan and India while Australia saw a contraction

Japan maintained a steady traffic recovery in April, with RPKs growing by 42.6% YoY and sitting only 4.4% under pre-Covid levels. Conversely, Australia experienced a decline in domestic RPKs, with a decrease of 4.5% compared to the previous year and a 12.7% drop compared to 2019 levels. Australia had

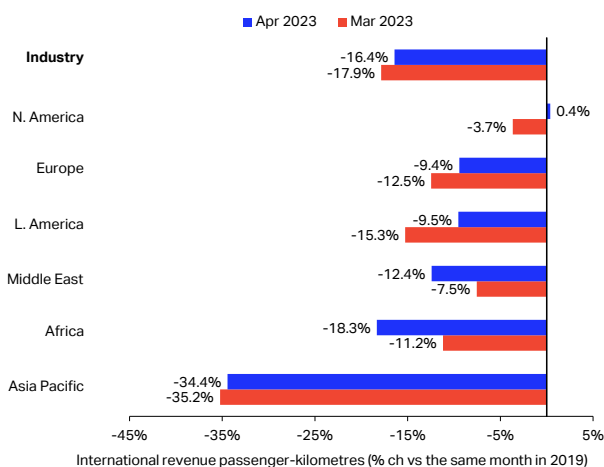
initially rebounded faster than other Asia Pacific countries and achieved full recovery in June 2022.

Meanwhile, India witnessed a significant surge in domestic traffic, with RPKs surpassing 2019 levels by 14.7% and experiencing an 18.3% year-on-year increase. Domestic traffic in the United States had already returned to pre-pandemic levels and continued its upward trajectory in April, with carriers operating 3.3% above the levels seen in April 2019. Brazil also maintained stable passenger traffic despite a slowdown in the pace of recovery from March to April 2023 (Chart 4).

International traffic growth maintained its momentum

The stable growth in international traffic continued this month, with international RPKs rising 48.0% YoY. Over the past year, international traffic has followed a steady recovery trend. In April, the total international passenger traffic reached 83.6% of the levels seen in April 2019, marking a notable increase of 27.1ppts compared to the same month in 2022 (Chart 5). International seat capacity also increased in line with these developments, growing by 38.1% over the year, resulting in a total passenger load factor of 81.4%.

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



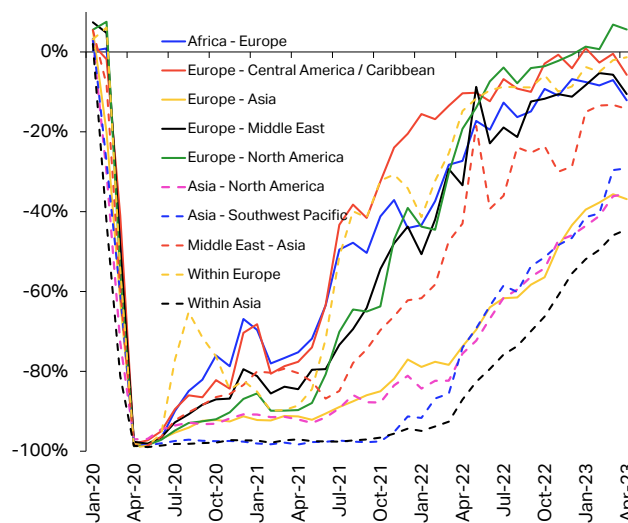
Sources: IATASustainability and Economics, IATA Monthly Statistics

Asia Pacific carriers continued to lead in growth...

Among the regions, traffic levels remained relatively stable when compared to 2019. International RPKs performed by Asia Pacific carriers nearly tripled, with a 192.7% annual increase in April. They recovered 65.6% of the international traffic volume observed in April 2019 (Chart 5).

This significant recovery in international routes between the Asia Pacific region and the rest of the world reflects the resilience demonstrated by airlines in the region. Furthermore, traffic within Asia itself also showed positive momentum, reaching 55.6% of pre-pandemic levels (Chart 6).

Chart 6 – International RPKs, YoY% change versus 2019 – Top 10 route areas in 2019, ranked by performed traffic level



Source: IATA Sustainability and Economics, IATA Monthly Statistics

...while North American carriers were first to recover international RPKs to pre-pandemic levels

North American airlines witnessed a substantial annual growth of 34.8% in international RPKs and were the first among the regions to restore international traffic to pre-Covid levels. In April, international RPKs exceeded 2019 levels by 0.4%, highlighting a consistent recovery trend in international routes connecting North America, Europe, and Latin America & Caribbean (Chart 6). Most notably, passenger flows between Europe and North America consistently maintained elevated levels of traffic, exceeding pre-Covid levels for the 4th consecutive month.

International recovery trend continued for all regions

International RPKs have seen different evolutions amongst the regions compared to 2019. However, all regions have achieved year-on-year growth and month-on-month growth in seasonally adjusted terms, highlighting the robust momentum propelling the global recovery in international traffic (Chart 6).

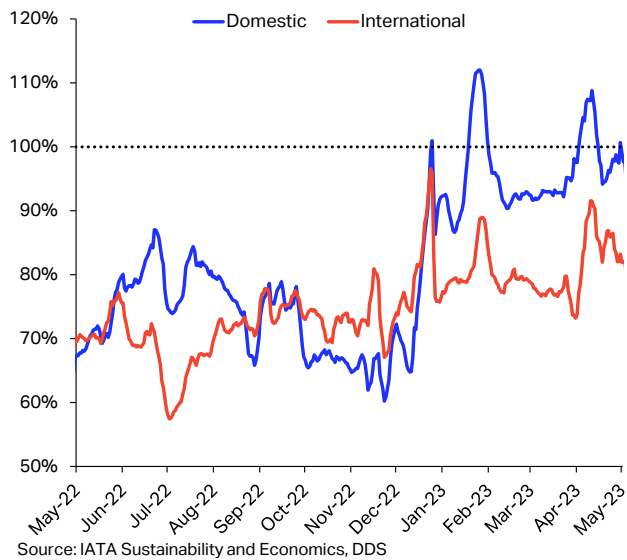
Africa and Middle East carriers have made remarkable progress in recovering international RPKs, achieving growth rates of 53.5% and 38.0% respectively compared to the previous year. Similarly, Europe and Latin America airlines have performed well, with annual growth rates of 22.6% and 25.8% in international RPKs, respectively. The slowdown in traffic growth experienced by certain regions can be attributed to the higher comparison base of their 2022 traffic levels. This trend is particularly noticeable for North America, Europe, and Latin America airlines, as these regions reopened their air travel markets earlier than others.

Ticket sales reached above pre-pandemic levels with Labor Day holidays

In 2023, Labor Day holidays in China occurred between April 29th and May 3rd. Over the month of April, domestic ticket sales increased significantly, driven by pent up demand and domestic tourism in China. International ticket sales for travel to and from China over the same period made a substantial contribution to the total global sales volume (**Chart 7**).

By the end of April, domestic bookings reached their peak, surpassing the 2019 sales levels by 11%. In contrast, international bookings remained 8% below the 2019 levels. Domestic ticket sales have consistently outperformed their pre-pandemic levels, while international sales have remained relatively stable. The ticket bookings data continue to project a positive outlook for the upcoming months.

Chart 7 – Passenger ticket sales by day of travel (7-day average), % share of the same day in 2019



Air passenger market in detail - April 2023

	<i>World</i>	April 2023 (% year-on-year)				April 2023 (% ch vs the same month in 2019)			
	<i>share</i> ¹	RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	45.8%	39.7%	3.4%	81.3%	-9.5%	-7.5%	-1.8%	81.3%
Africa	2.1%	47.1%	41.7%	2.6%	70.8%	-16.2%	-12.5%	-3.1%	70.8%
Asia Pacific	22.1%	170.8%	135.1%	10.3%	78.4%	-18.4%	-14.7%	-3.6%	78.4%
Europe	30.8%	22.2%	15.6%	4.5%	83.8%	-7.8%	-6.2%	-1.4%	83.8%
Latin America	6.4%	15.3%	15.8%	-0.4%	81.4%	-1.5%	-0.6%	-0.7%	81.4%
Middle East	9.8%	36.8%	26.4%	5.8%	76.0%	-12.1%	-7.0%	-4.4%	76.0%
North America	28.8%	13.9%	13.8%	0.1%	85.6%	2.1%	1.2%	0.8%	85.6%
International	58.0%	48.0%	38.1%	5.5%	81.4%	-16.4%	-15.1%	-1.3%	81.4%
Africa	1.8%	53.5%	50.0%	1.6%	69.8%	-18.3%	-14.5%	-3.2%	69.8%
Asia Pacific	8.9%	192.7%	145.3%	13.2%	81.6%	-34.4%	-34.7%	0.4%	81.6%
Europe	26.5%	22.6%	16.0%	4.5%	83.3%	-9.4%	-6.9%	-2.3%	83.3%
Latin America	2.8%	25.8%	26.4%	-0.4%	83.1%	-9.5%	-10.1%	0.5%	83.1%
Middle East	9.4%	38.0%	27.8%	5.6%	76.2%	-12.4%	-7.2%	-4.5%	76.2%
North America	8.7%	34.8%	26.5%	5.2%	83.8%	0.4%	-0.8%	1.0%	83.8%
Domestic	42.0%	42.6%	42.1%	0.3%	81.1%	2.9%	6.3%	-2.7%	81.1%
Dom. Australia ⁴	1.0%	-4.5%	1.1%	-4.4%	76.0%	-12.7%	-7.3%	-4.7%	76.0%
Domestic Brazil ⁴	1.5%	5.7%	6.7%	-0.7%	77.4%	-2.4%	3.2%	-4.4%	77.4%
Dom. China P.R. ⁴	6.4%	536.2%	377.5%	18.6%	74.4%	6.0%	21.3%	-10.7%	74.4%
Domestic India ⁴	2.0%	18.3%	7.8%	7.8%	88.2%	14.7%	13.9%	0.6%	88.2%
Domestic Japan ⁴	1.2%	42.6%	11.8%	15.2%	70.4%	-4.4%	-6.3%	1.4%	70.4%
Domestic US ⁴	19.2%	5.5%	8.1%	-2.1%	86.1%	3.3%	2.9%	0.3%	86.1%

¹% of industry RPKs in 2022

²Change in load factor

³Load factor level

⁴ Note: the six domestic passenger markets for which broken-down data are available account for approximately 31.3% of global total RPKs and 74.5% 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.

IATA Sustainability & Economics

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