



Air Passenger Market Analysis

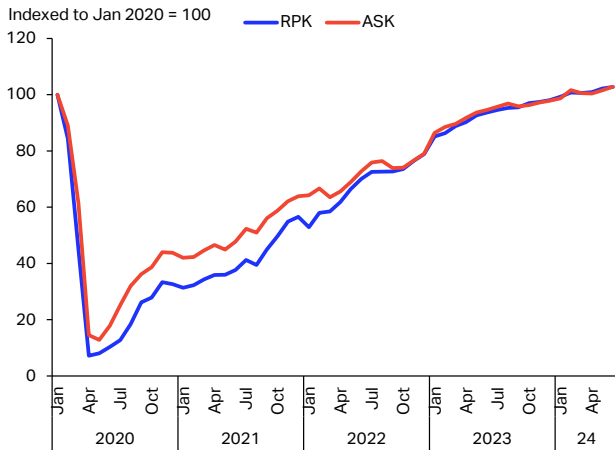
June 2024

Milder passenger demand growth along with near-all-times levels

- Industry total Revenue Passenger-Kilometer (RPK) in June grew 9.1% year-on-year (YoY), versus 8.5% YoY growth in Available Seat-Kilometer (ASK). Passenger load factor (PLF) outgrew the previous year's value, indicating stronger demand for air travel in June.
- Domestic traffic for the industry maintained its growth trend, with 4.3% YoY. Brazil led the pack with a 7.6% annual increase. Japan's RPK contracted for the third month, albeit the negative growth moderated.
- Industry international passenger traffic in June marked 12.3% YoY, gliding towards the industry's long-term average growth levels. Most regions maintained double-digit growth.
- Months ahead of air travel demand look milder compared to the previous year. Ticket sales for both domestic and international travel decelerated vis-à-vis the previous month's figures, with a contraction of 0.9% for the former.

Industry passenger traffic increases while moderating

Chart 1 – Global RPK and ASK, Seasonally Adjusted, Indexed to Jan 2020 = 100



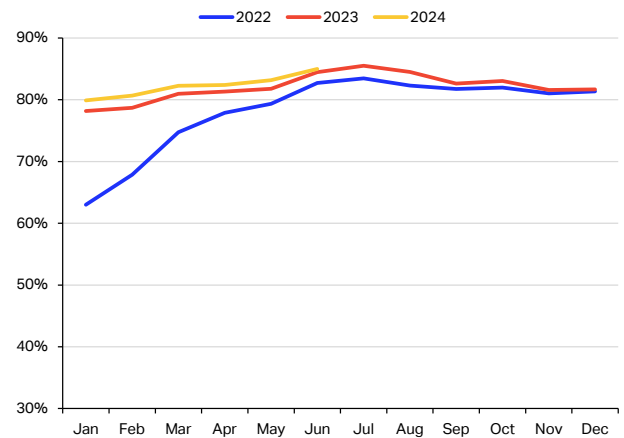
Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Commercial air passenger traffic for the industry, measured in Revenue Passenger-Kilometers (RPK), remained on its steady growth trend in June 2024, decelerating only mildly from the previous month. Likewise, levels continued to soar above previous months. Yearly growth stood at 9.1% while 0.6% in Month of Month (MoM) terms, in seasonally adjusted terms (**Chart 1**).

The trend remained positive, with respect to the supply of seats, measured in Available Seat-Kilometers (ASK). Global ASK increased by 8.5% year-on-year (YoY). RPK expansion vastly outpaced ASK's, resulting in an average load factor (PLF) of 85% for the

industry. Moreover, June 2024's PLF resulted 0.5 ppt above the previous year (**Chart 2**).

Chart 2 – Industry PLF, %share of ASK



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

The global passenger load factor is consistently above the levels measured in previous years, hinting at higher demand for air travel. In year-to-date terms, PLF stood 1.3 ppt above the previous year's.

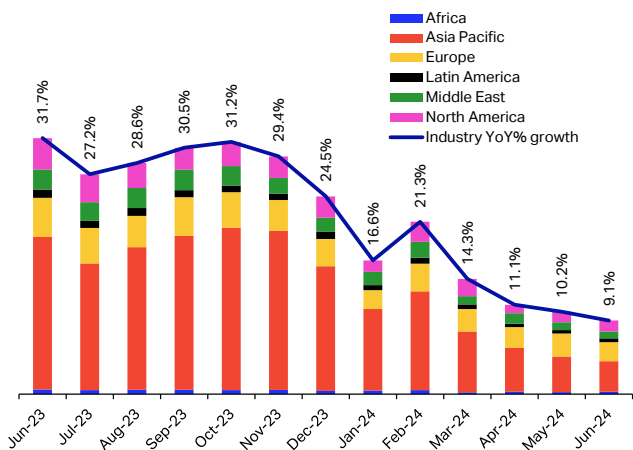
Asia Pacific airlines continue to be the main contributors to the industry's traffic growth in June, as observed in the past years. Growth rates are decreasing across the industry as the pandemic and recovery periods give way to more conservative figures (**Chart 3**).

Air passenger market in detail - June 2024

	World share ¹	June 2024 (% year-on-year)				June 2024 (% year-to-date)			
		RPK	ASK	PLF (%-pt)	PLF (level)	RPK	ASK	PLF (%-pt)	PLF (level)
TOTAL MARKET	100.0%	9.1%	8.5%	0.5%	85.0%	13.4%	11.6%	1.3%	82.3%
International	60.1%	12.3%	12.7%	-0.3%	85.0%	17.4%	17.2%	0.1%	81.9%
Domestic	39.9%	4.3%	2.1%	1.7%	85.0%	7.4%	3.6%	3.0%	83.0%

¹% of industry RPKs in 2023

Chart 3 – Regional contribution to industry annual total RPK growth

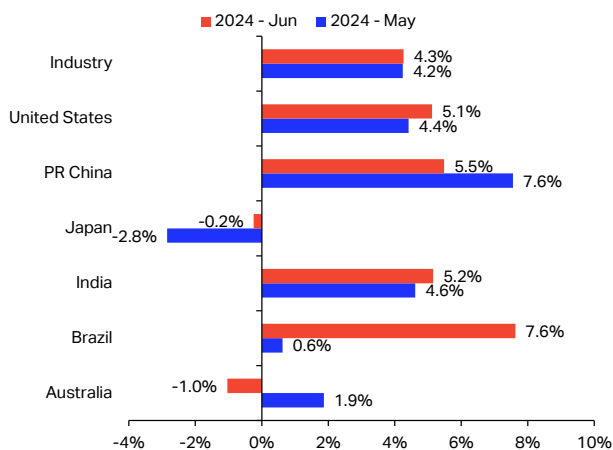


Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Particularly, for the Asia Pacific the transition is starker due to traffic surges from low levels in 2023, having a knock-on effect on the industry total passenger traffic growth due to the region’s weight in the industry-wide figures (**Chart 3**).

Brazil & PR China lead domestic traffic growth

Chart 4 – Domestic RPK growth by market, YoY%



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

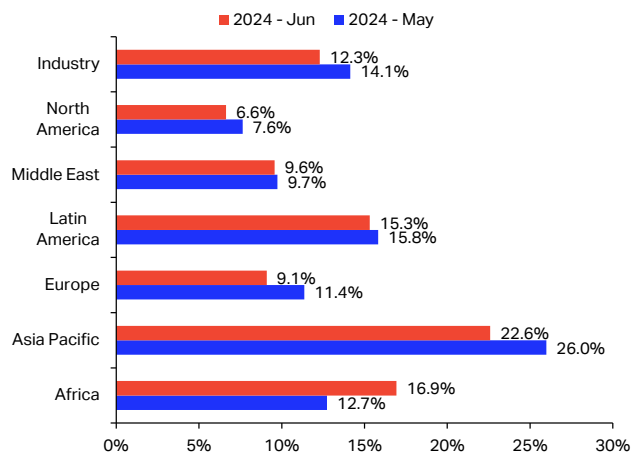
Industry total domestic RPK rose 4.3% YoY in June, a figure nearly identical to the previous month’s value, displaying a return to the stability and consistency of single-digit growth observed in the pre-pandemic period (**Chart 4**). Moreover, levels continue to reach all-time highs.

Passenger traffic in **Brazil** picked up significantly from May, reaching 7.6% YoY in June. Furthermore, RPK levels have been on an on upward trend since April of the current year. Last month, they have outpaced those of recent years in the same month. The beginning of the summer holidays in **PR China**, a consequential country for the industry, was met with an increase in air travel demand marked by a 5.5% YoY RPK. Furthermore, air traffic continues to increase without any signs of slowing down. The **US** and **India’s**

domestic traffics in June maintained annual growths of 5.1% and 5.2% respectively, while pushing their respective RPK levels to ever higher values. Passengers demand for **Australia** and **Japan**, in RPK YoY terms, both contracted versus last year, respectively -1.0% and -0.2%.

International traffic growth remain strong, as do levels of traffic

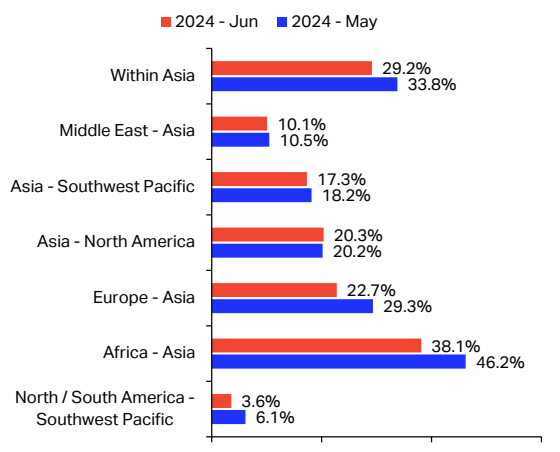
Chart 5 – International RPK growth by airline region of registration, YoY%



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

International passenger traffic in June, the primary driver of industry-wide growth, grew by 12.3% YoY, continuing a gliding towards the industry’s long-term average (**Chart 5**). All regions achieved growth rates in the double digits, save for **North America** and the **Middle East**, concurrently all markets saw a deceleration in growth versus their respective May’s value, expect for **Middle East** and **Africa**. The region **Asia Pacific** remains the one with the highest growth at 22.6%, followed by **Africa** and **Latin America**. RPK levels in June 2024 for all regions keep recording all-time highs, save for **Asia Pacific**, still recovering its pre-pandemic values. Overall, international travel demand is strong and keeps showing promise for the future.

Chart 6 – International RPK, YoY% – Major route areas from and to Asia

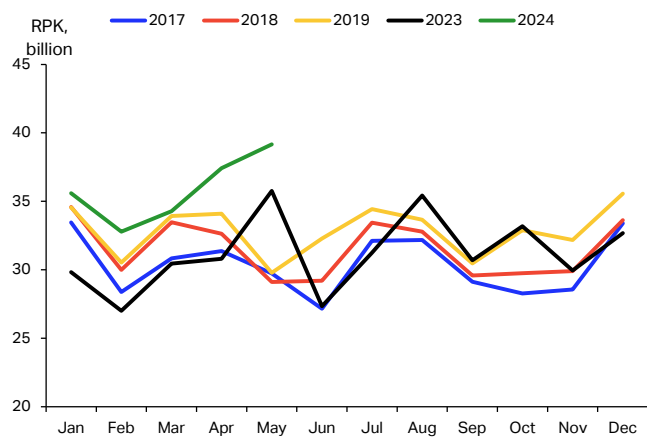


Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Asia routes in June maintained double-digit growths and experienced an increase in seat demand for all route pairs, save for **Asia - Middle East (Chart 6)**. **Africa-Asia** maintained the highest YoY growth in June with 38.1%, followed by international traffic **within Asia** at 29.2%. The route **Asia - Middle East** marked 10.1% YoY, still the lowest YoY figure among the route-pairs however, this route-pair demand remains the third most important for Asia in terms of RPK, after **Europe** and **Within Asia**.

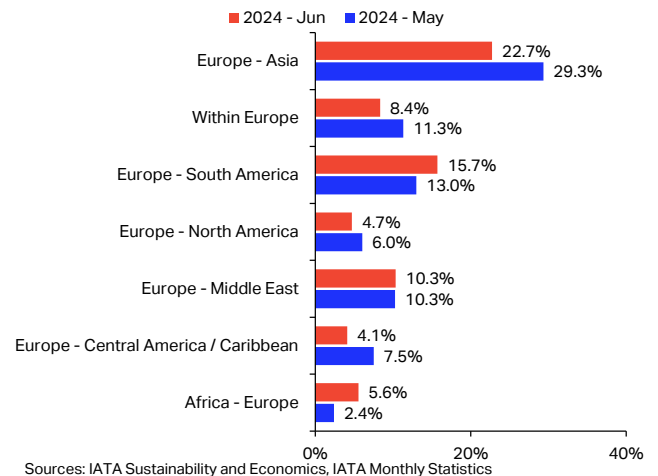
Asia - Middle East link still strong

Chart 7 – International RPK for route pair Asia - Middle East



Asia’s international RPK levels, a measure to gauge passengers’ demand, as origin maintain an upward trend, although most routes have not regained 2019’s values in the same month as of June. The route pair Asia – Middle East outpaced 2019 levels from the start of 2024 nevertheless, last month RPK dipped slightly below June 2019’s value (**Chart 7**). The reversion materialised in the run-up to the Olympics, which are taking place in July in Paris, France. Simultaneously, passenger demand for region pair **Europe-Asia** in June became the second most in demand route-pair, behind **within Asia**, while **Asia - Middle East** took third place. Given the approaching start of the Olympics in Paris, this is likely a key driver for the changes in demand pattern.

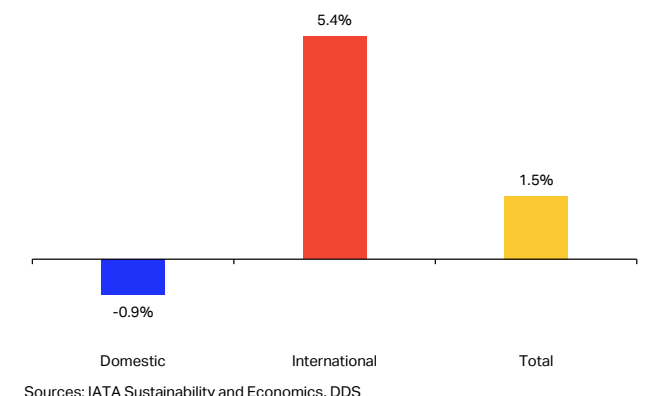
Chart 8 – International RPK, YoY% – Major route areas from and to Europe



Air travel from Europe marked in June another optimistic picture for international RPK, save for **Europe – Asia**, the only pair not to have surpassed pre-Covid traffic levels. Route-pair **Europe - Middle East** continues to defy previously seen seasonal patterns with demand being on a solid upward trend. Growth YoY decreased for all route pairs but **Europe – South America** and **Europe – Middle East**. Growths spanned from 22.7%, for **Europe - Asia**, to 4.1%, for route **Europe - Central America**. Second and third were routes **Europe - South America** and **Europe - Middle East**, respectively at 15.7% and 10.3% (**Chart 8**).

Cooling demand for air travel during industry peak-period

Chart 9 – Ticket sales, made in June – July for travel in July – August, YoY%



The trip bookings made in June and July for travel during July and August suggest that air traffic and demand in the domestic segment have peaked the year before. In contrast, the international segment is expected to maintain a positive trend. Domestic sales contracted 0.9% YoY and international sales went up by 5.4%, for a total increase of 1.5% for the industry. A seemingly lukewarm picture for global industry during the peak period although a likely explanation is a return to pre-pandemic levels of growth. (**Chart 9**).

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TOTAL MARKET	100.0%	9.1%	8.5%	0.5%	85.0%	13.4%	11.6%	1.3%	82.3%
Africa	2.1%	16.2%	5.8%	6.9%	77.1%	15.9%	13.4%	1.6%	73.8%
Asia Pacific	31.7%	12.5%	9.4%	2.3%	82.9%	22.4%	16.9%	3.7%	82.6%
Europe	27.1%	8.1%	8.4%	-0.2%	87.7%	10.1%	9.9%	0.1%	82.4%
Latin America	5.5%	9.1%	7.3%	1.4%	84.2%	9.6%	7.3%	1.7%	83.4%
Middle East	9.4%	9.9%	9.5%	0.3%	79.5%	13.3%	12.4%	0.6%	79.6%
North America	24.2%	5.4%	7.3%	-1.6%	87.6%	6.4%	7.0%	-0.5%	83.6%
International	60.1%	12.3%	12.7%	-0.3%	85.0%	17.4%	17.2%	0.1%	81.9%
Africa	1.8%	16.9%	5.8%	7.4%	77.0%	15.4%	12.4%	1.9%	73.2%
Asia Pacific	14.7%	22.6%	22.9%	-0.2%	83.0%	35.4%	34.7%	0.4%	83.6%
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Domestic	39.9%	4.3%	2.1%	1.7%	85.0%	7.4%	3.6%	3.0%	83.0%
Dom. Australia	0.8%	-1.0%	-1.2%	0.2%	81.0%	5.3%	4.7%	0.4%	77.6%
Domestic Brazil	1.2%	7.6%	3.2%	3.4%	82.3%	3.1%	1.8%	1.1%	80.0%
Dom. China P.R.	11.2%	5.5%	-2.0%	5.9%	83.0%	16.1%	4.9%	7.9%	82.0%
Domestic India	1.8%	5.2%	9.6%	-3.6%	87.1%	4.1%	4.7%	-0.5%	87.7%
Domestic Japan	1.1%	-0.2%	-0.2%	-0.1%	73.1%	1.2%	-1.1%	1.7%	73.9%
Domestic US	15.4%	5.1%	7.1%	-1.7%	86.8%	4.7%	4.8%	-0.1%	83.7%

¹% of industry RPKs in 2023

Note: the six domestic passenger markets for which broken-down data are available account for approximately 31.4% of global total RPKs and 78.8% 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. Historical statistics are subject to revision.

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