Air Passenger Market Analysis

February 2023

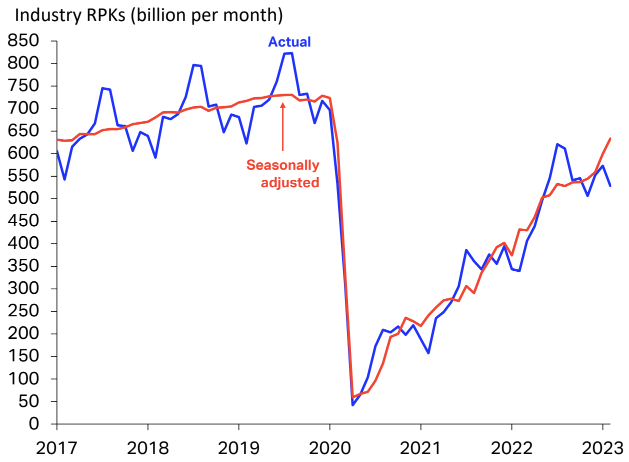
Air travel growth remains strong in February

- Global passenger demand continued to grow in February. Industry-wide revenue passenger-kilometers (RPKs) increased 55.5% year-on-year (YoY) and were 15.1% below their pre-pandemic level. The global traffic recovery has been helped by recent developments in the Asia Pacific region's air travel markets.
- International RPKs grew 89.7% annually, as passenger flows between the Asia Pacific region and the rest of the world continued to catch up with other major international markets. Asia Pacific airlines grew their international RPKs by 378.7% YoY.
- Domestic passenger traffic continued to trend near pre-pandemic levels, growing 25.2% annually and achieving 91.2% of February 2019 RPKs. A few monitored markets have exceeded their pre-pandemic capacity and passenger traffic levels.

Upward trend in air travel demand stays on course

Industry-wide revenue-passenger kilometers (RPKs) grew by 55.5% YoY in February and reached 84.9% of their pre-pandemic traffic levels (**Chart 1**). In seasonally adjusted (SA) terms, total RPKs grew 5.6% month-on-month (MoM). Passenger traffic increased across all regions compared to the previous month, with the Asia Pacific region's carriers recording the fastest growth in RPKs at 15% MoM.

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

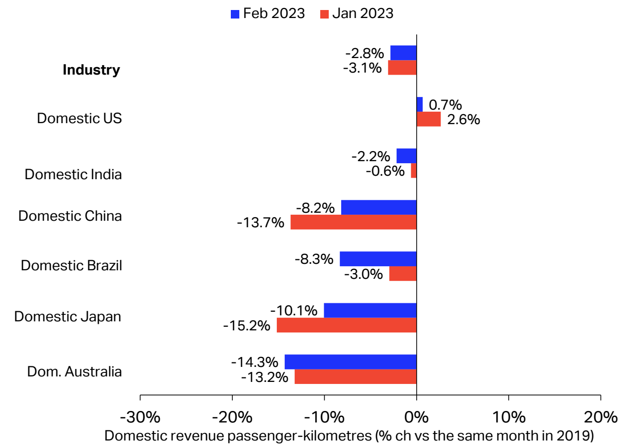


Sources: IATA Economics, IATA Monthly Statistics

Industry-wide passenger load factors continued to trend near pre-pandemic levels at 77.8%, while available seat-kilometers (ASKs) grew 35.7% YoY.

Domestic traffic continues to approach pre-pandemic levels

Chart 2 – Domestic RPK growth by airline region of registration, YoY% change versus 2019



Sources: IATA Economics, IATA Monthly Statistics

Total domestic RPKs grew 25.2% YoY in February and were within 2.8% of pre-pandemic levels (**Chart 2**). The broad improvement in domestic RPKs we have seen over the past two months was driven by travel policy relaxations in China. China's domestic market has seen further recovery compared to January when the country's reopening had an immediate and strong effect on the recovery of domestic air travel (**Chart 3**). Domestic RPKs in China stood 8.2% below February 2019 levels while ASKs surpassed pre-pandemic capacity levels by 6.2%. Similarly in India, passenger traffic was down 2.2% on February 2019 levels and

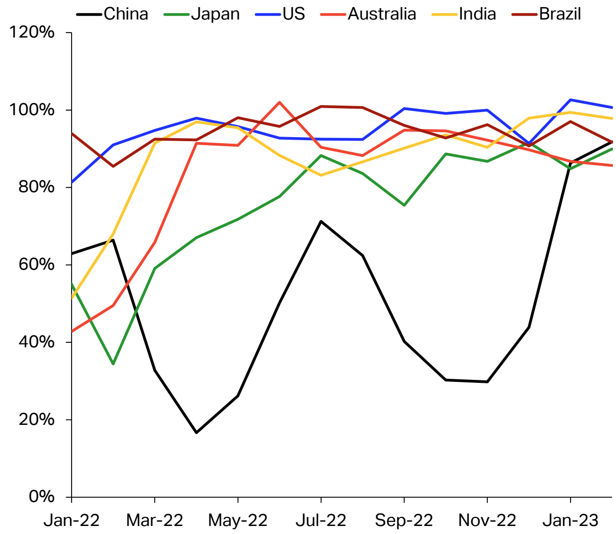
Air passenger market overview - February 2023

	World share [1]	February 2023 (% year-on-year)				February 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%***	**55.5%**	**35.7%**	**9.9%**	**77.8%**	**-15.1%**	**-12.0%**	**-2.9%**	**77.8%**
International	*57.9%*	89.7%	53.5%	14.8%	77.7%	-22.5%	-20.6%	-1.9%	77.7%
Domestic	*42.1%*	25.2%	17.4%	4.9%	77.9%	-2.8%	3.1%	-4.7%	77.9%

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

ASKs were 7.1% above pre-crisis capacity. On the other hand, RPKs and ASKs in Japan and Australia have remained below their respective pre-pandemic levels for February. Overall, monitored markets in the Asia Pacific region have sustained their recovery momentum from early 2022 (**Chart 3**). At the regional level, Asia Pacific airlines have posted higher domestic RPKs compared with the previous month, and stood 8.2% under February 2019 figures (**Chart 4**).

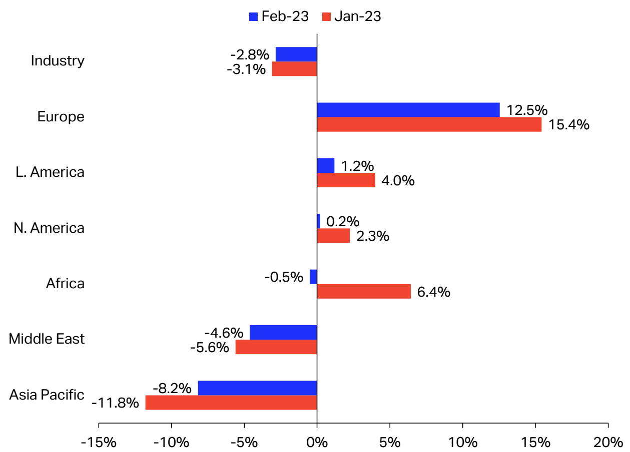
Chart 3 – Domestic markets, RPK share (%) of the same month in 2019



Source: IATA Economics, IATA Monthly Statistics

In the US, domestic RPKs increased 10.6% YoY in February and remained above pre-pandemic levels for the second consecutive month, growing 0.7% over February 2019 RPKs (**Chart 2**). Brazil's domestic passenger traffic grew 7.3% YoY while continuing to trend near pre-pandemic levels. In the Americas region, domestic RPKs for Latin American and North American airlines exceeded pre-crisis traffic again in February, with 1.2% and 0.2% growth, respectively, above 2019 levels (**Chart 4**).

Chart 4 – Domestic RPK growth by airline region of registration, YoY% change versus 2019



Source: IATA Economics, IATA Monthly Statistics

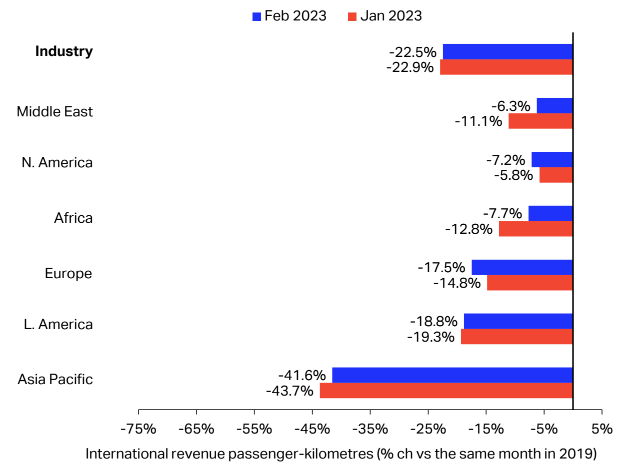
Sustaining the strong recovery in Europe's domestic markets, the region's airlines grew domestic RPK's by 24.4% annually and kept passenger traffic 12.5% above February 2019 levels. Data constraints prevent us from reporting on Russia's domestic market.

Domestic traffic carried by airlines of the Middle East grew 1.0% YoY and continued to increase towards pre-pandemic RPKs at 95.4% of February 2019 levels. In Africa, domestic passenger traffic increased 75.5% YoY and accounted for 99.5% of February 2019 results.

International passenger traffic growth steadied In February

Total international RPKs grew 89.7% YoY in February and recovered to 77.5% of pre-pandemic levels, a modest improvement from the month prior. The annual growth of international seat capacity was more moderate at 53.5%, raising passenger load factors (PLF) to 77.7%. Passenger load factors for international markets increased by 14.8 percentage points (ppts) from the previous year while remaining 1.9 ppts lower than pre-pandemic load factors (**Chart 5**). Passenger load factors are higher than they were in 2019 for most regions except Europe and North America, where the ASKs recovery has outpaced the growth in RPKs. Across all regions, the international passenger load factor was down 1.9% compared to the February 2019 load factor.

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

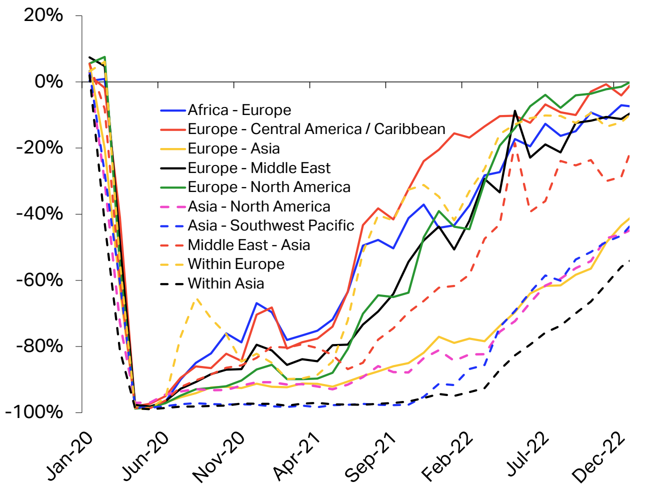


Sources: IATA Economics, IATA Monthly Statistics

The recovery of international flows continues to improve in the Asia Pacific region, with the region's airlines achieving the fastest annual growth rates for passenger traffic. International RPKs grew 378.7% over the previous year and accounted for 58.4% of February 2019 traffic (**Chart 5**). The high growth rates reflect growth from the low traffic levels the region's international markets had seen for an extended period of time. Despite this base effect, the recovery of international air travel in the region has sustained this year's strong momentum through February.

Within the Asia Pacific region, international traffic in February recovered to 49.4% of 2019 RPKs. Passenger traffic recovery between the region and the rest of the world is underway having seen positive developments in recent months (**Chart 6**).

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



Source: IATA Economics, IATA Monthly Statistics

European airlines have transported 47.9% more international traffic compared to the same month last year and 17.5% less traffic than in February 2019. Within Europe, international traffic continued to trend near pre-pandemic levels. Intra-Europe traffic has reached 90.3% of February 2019 RPKs. These positive developments have also persisted on routes between Europe and the Americas as well as between Europe and the Middle East (**Chart 6**).

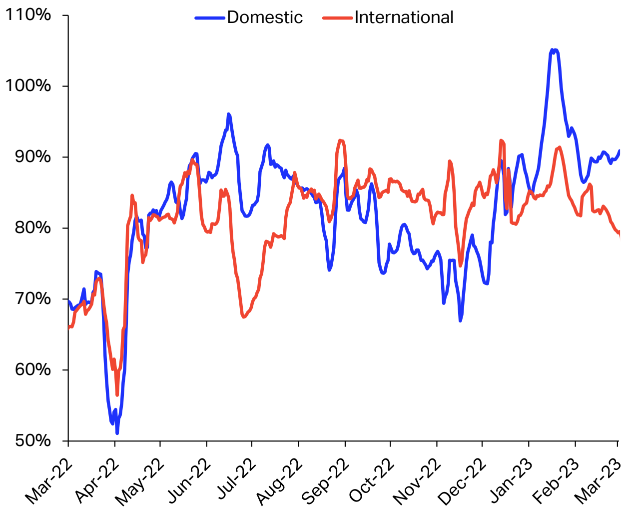
Airlines from North America and Latin America have achieved 67.4% and 44.1% annual growth in international RPKs, respectively. The Middle East – North America and North America – Central America route areas continued to outperform 2019 RPKs, while the remaining main route areas between the Americas and the world have maintained their traffic growth in February (**Chart 6**).

Middle Eastern airlines grew their international RPKs by 75.0% YoY in February, reaching 93.7% of pre-pandemic levels. African carriers attained 90.7% growth in international passenger traffic YoY and recovered 92.3% of their February 2019 RPKs.

Domestic and International ticket sales diverged in February but were resilient overall

The Lunar New Year celebrations led to a peak in ticket sales, for both international and domestic travel. The timing of the seasonal event coincided with the reopening of China's borders, which boosted demand for air travel. Over the following weeks domestic and international tickets sales followed slightly diverging trends (**Chart 7**). Overall, no major changes in air travel demand have been observed since our last analysis of ticket sales, which continue to support a positive outlook.

Chart 7 – Passenger ticket sales by purchase date, % share of the same day in 2019, 7-day average.



Source: IATA Economics, DDS

Air passenger market in detail - February 2023

	World share[1]	February 2023 (% year-on-year) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]	February 2023 (% ch vs the same month in 2019) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**55.5%**	**35.7%**	**9.9%**	**77.8%**	**-15.1%**	**-12.0%**	**-2.9%**	**77.8%**
Africa	*2.1%*	87.9%	62.3%	10.3%	75.6%	-6.6%	-12.6%	4.9%	75.6%
Asia Pacific	*22.1%*	105.4%	61.2%	17.1%	79.2%	-26.3%	-22.9%	-3.6%	79.2%
Europe	*30.7%*	44.1%	27.9%	8.5%	75.2%	-14.3%	-6.9%	-6.5%	75.2%
Latin America	*6.4%*	23.7%	21.1%	1.7%	81.1%	-9.3%	-8.8%	-0.4%	81.1%
Middle East	*9.8%*	70.6%	37.6%	15.4%	79.8%	-6.2%	-15.0%	7.5%	79.8%
North America	*28.9%*	25.1%	19.0%	3.8%	77.1%	-2.3%	2.2%	-3.5%	77.1%
International	***57.9%***	**89.7%**	**53.5%**	**14.8%**	**77.7%**	**-22.5%**	**-20.6%**	**-1.9%**	**77.7%**
Africa	*1.8%*	90.7%	61.7%	11.4%	75.0%	-7.7%	-14.2%	5.3%	75.0%
Asia Pacific	*8.9%*	378.7%	176.4%	34.9%	82.5%	-41.6%	-42.6%	1.4%	82.5%
Europe	*26.3%*	47.9%	29.7%	9.1%	73.7%	-17.5%	-7.8%	-8.7%	73.7%
Latin America	*2.9%*	44.1%	34.0%	5.8%	82.7%	-18.8%	-20.2%	1.4%	82.7%
Middle East	*9.4%*	75.0%	40.5%	15.8%	80.0%	-6.3%	-15.2%	7.6%	80.0%
North America	*8.7%*	67.4%	39.5%	12.8%	76.6%	-7.2%	-4.6%	-2.1%	76.6%
Domestic	***42.1%***	**25.2%**	**17.4%**	**4.9%**	**77.9%**	**-2.8%**	**3.1%**	**-4.7%**	**77.9%**
Dom. Australia[4]	*1.0%*	73.0%	38.9%	15.1%	76.7%	-14.3%	-13.0%	-1.2%	76.7%
Domestic Brazil[4]	*1.5%*	7.3%	8.3%	-0.8%	78.9%	-8.3%	-4.2%	-3.5%	78.9%
Dom. China P.R.[4]	*6.4%*	38.3%	22.0%	8.9%	75.9%	-8.2%	6.2%	-11.9%	75.9%
Domestic India[4]	*2.0%*	43.9%	50.4%	-3.7%	81.6%	-2.2%	7.1%	-7.7%	81.6%
Domestic Japan[4]	*1.2%*	161.4%	33.8%	36.8%	75.5%	-10.1%	-14.5%	3.7%	75.5%
Domestic US[4]	*19.3%*	10.6%	10.7%	0.0%	76.9%	0.7%	6.6%	-4.6%	76.9%

[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 31.4% 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 registrated; it should not be considered as regional traffic.

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