

Air travel deteriorated slightly in August due to domestic markets

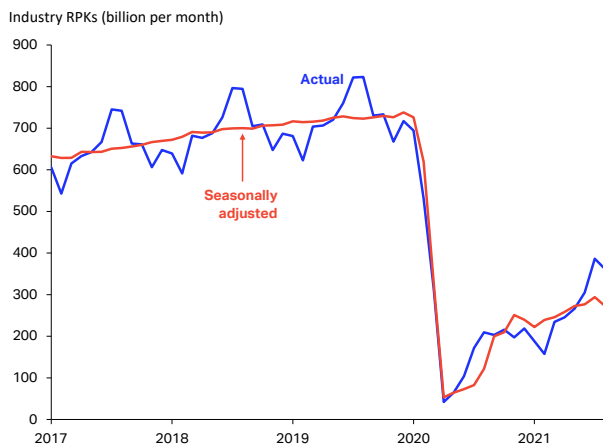
- The spread of the Delta variant led to a modest deterioration in air travel in August. Industry-wide revenue passenger-kilometres (RPKs) fell by 56.0% compared to August 2019, following a 53.0% drop in July. This was entirely driven by domestic markets developments, in particular – but not only – the Chinese domestic market.
- On the contrary, there was a broad-based improvement in international markets in August, led by growing vaccination rates and less stringent international travel restrictions in some regions. Looking ahead, travel restrictions may continue to ease, but there are some risks, notably from low vaccination in Africa and slowing economic activity.
- Bookings for September point to a deterioration in the international recovery, and to broadly flat domestic RPKs.

The global air travel recovery pauses in August...

As had already been [indicated by bookings](#), global air travel – and in particular domestic China – was impacted by the Delta variant in August. Industry-wide revenue passenger-kilometres (RPKs) were 56.0% below pre-crisis 2019 levels in August 2021. This is a deterioration compared to the 53% fall in July.

This was also reflected in seasonally adjusted (SA) RPKs, which fell 7.1% month-on-month in August, the first decline since January 2021. SA RPKs remain circa 60% below pre-crisis levels, highlighting that the recovery has a long way to go (**Chart 1**).

Chart 1 – Global air passenger volumes (RPKs)



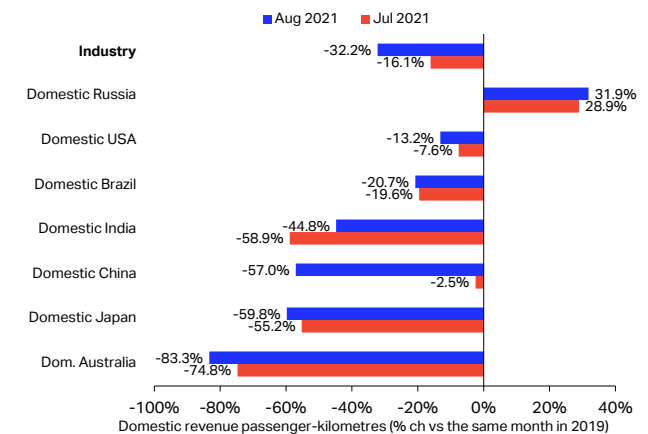
Sources: IATA Economics, IATA Monthly Statistics

...due to the impact of Delta on domestic markets

The fall in industry-wide RPKs was entirely driven by domestic markets, as international air travel

performed well in August. While China was the main culprit – as it accounted for 19.9% of total global RPKs in 2020 – traffic in several other large domestic markets also worsened. Overall, domestic RPKs fell by 32.2% in August 2021 versus the same month in 2019, after a 16.1% decline in July (**Chart 2**).

Chart 2 – Domestic RPK growth versus the same month in 2019, region of registration basis



Sources: IATA Economics, IATA Monthly Statistics

Outbreaks of COVID-19 meant that domestic travel restrictions were significantly strengthened in China in August. Domestic RPKs dropped 57.0% compared to August 2019 – a significant deterioration from the 2.5% fall in July. That said, overall cases were low and outbreaks were mostly under control by the end of August, suggesting numbers will improve in September. That said, the speed at which traffic slowed in China highlights how vulnerable to the pandemic.

Air passenger market overview - August 2021

To aid understanding, the table includes both % comparisons with pre-crisis 2019 months and 2020 months.

	World share ¹	August 2021 (% ch vs the same month in 2019)				August 2021 (% year-on-year)			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	-56.0%	-46.2%	-15.6%	70.0%	72.9%	46.9%	10.5%	70.0%
International	45.8%	-68.8%	-59.0%	-20.4%	65.3%	145.8%	91.7%	14.4%	65.3%
Domestic	54.2%	-32.2%	-22.2%	-11.0%	74.7%	37.8%	19.4%	10.0%	74.7%

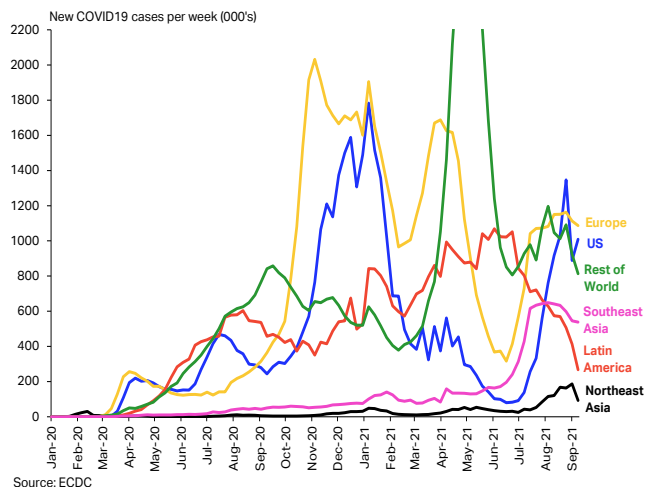
¹% of industry RPKs in 2020

²Change in load factor vs same month in 2019

³Load factor level

In fact, growing COVID-19 cases were also the cause behind deteriorations in some other key domestic markets (**Chart 3**).

Chart 3: COVID-19 cases per week



In [Japan](#) and [Australia](#), travel restrictions were reinforced, causing seasonally adjusted RPKs to fall by 15.3% and 8.9% month-on-month respectively. In both markets, the contraction in RPKs worsened a bit (by respectively 8.6 and 4.5 percentage points). In the [US](#), SA RPKs dropped by only 1.9%, but since it is a large market – 16.6% of total global RPKs in 2020 – this contributed to the industry-wide deterioration.

The contraction compared to 2019 accelerated somewhat in [Brazil](#) (a 20.7% fall in Aug compared to a 19.6 drop in July), but SA RPKs moved up by 2.2% month-on-month, new COVID cases were on a downward trend and vaccination rates picked up strongly.

Domestic RPKs in [India](#) were down 44.8% in August 2021 compared to the same month in 2019, but that was an improvement from a 58.9% fall in July, due to positive trends in new cases and vaccination. Good news also came from [Russia](#), where domestic RPKs were up 31.9% in August compared to 2019, the eighth consecutive month of above-pre-pandemic traffic.

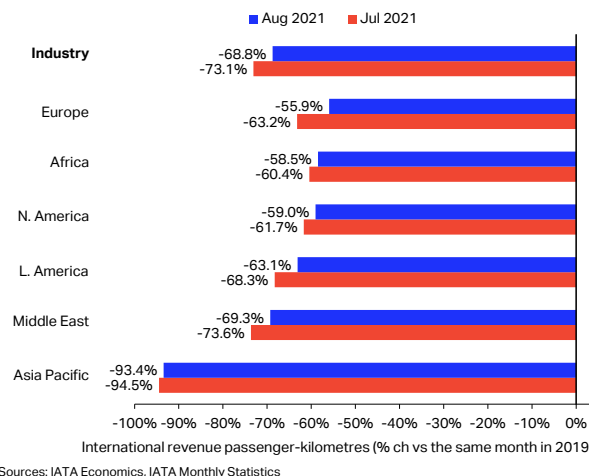
International air travel recovery was not interrupted

The spread of the Delta variant globally in August did not have a strong impact on international RPKs, which were 68.8% below August 2019 levels, following a 73.3% fall in July. This is the sixth consecutive month of gain, with all the key regions heading in the same direction.

Airlines in [Europe](#) performed the best in August, as their international RPKs dropped by 55.9% versus 2019 (**Chart 4**). Progress in delivering vaccines has allowed governments to loosen international restrictions over the summer. That has allowed a rebound in traffic on markets such as Within Europe,

where international RPKs were down 42.9% compared to August 2019 (53.5% in July and 73.2% in June).

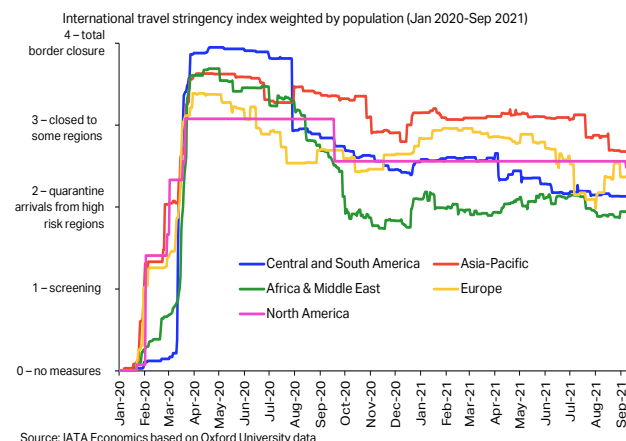
Chart 4 – International RPK growth versus the same month in 2019 (airline region of registration basis)



International RPKs of [African](#) carriers fell by 58.5% in August versus 2019. This is an improvement from the 60.4% fall in July, but the share of fully vaccinated people remains below 5% of the population, meaning that gains in traffic are at risk.

Carriers based in the [Middle East](#) posted a 69.3% drop in international traffic. As in Africa, travel restrictions were eased in August (**Chart 5**).

Chart 5 – Stringency of government international air travel measures by region



International RPKs of airlines based in [North America](#) and in [Latin America](#) fell by 59.0% and 63.1% respectively compared to August 2019. Both regions benefitted from strong flows between each other, as has been the case for most of 2021.

Indeed, the Nth Am-Central Am market was only 14.1% below its pre-crisis August 2019 level, meaning that its market share of total global traffic for the twelve months to August 2021 (2.9%) is larger than that of pre-pandemic heavyweights such as Within Asia (0.6%) and Europe-Asia (1.5%).

International RPKs of carriers based in **Asia Pacific** continued to lag behind other regions in August, with a 93.4% fall versus pre-crisis levels. While the travel stringency index has eased somewhat in the region, it remains stricter than elsewhere and many countries have been impacted by outbreaks of the Delta variant, notably the Southeast Asia region.

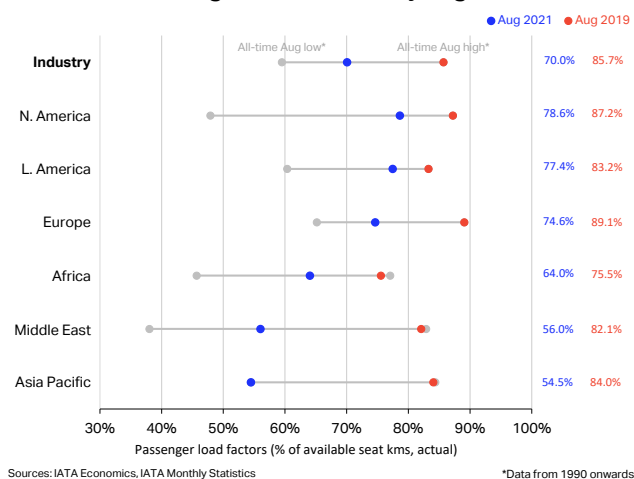
Capacity and load factors both deteriorated slightly

In August, industry-wide available seat-kilometres (ASKs) dropped by 46.2% versus 2019. As for RPKs, that was a slight deterioration from July (44.7%), entirely driven by domestic markets (down 22.2% in August) and in particular China (down 40.4%).

The speed at which pandemic-related drivers impact air travel demand make it difficult for airlines to efficiently organize capacity. This was illustrated again in August, as the industry-wide passenger load factor was 15.6 percentage points (ppts) below August 2019 levels, after a 12.9ppts fall in July.

Load factors have improved significantly compared to the peak of the crisis, but at 70.0%, the August 2021 industry-wide load factor was still the second lowest load factor for any month of August in the series – started in 1990 – highlighting the slow recovery in this metric. There is however some disparity among the regions, with load factors being particularly low in Asia Pacific and the Middle East, and more resilient in the Americas and Europe (**Chart 6**).

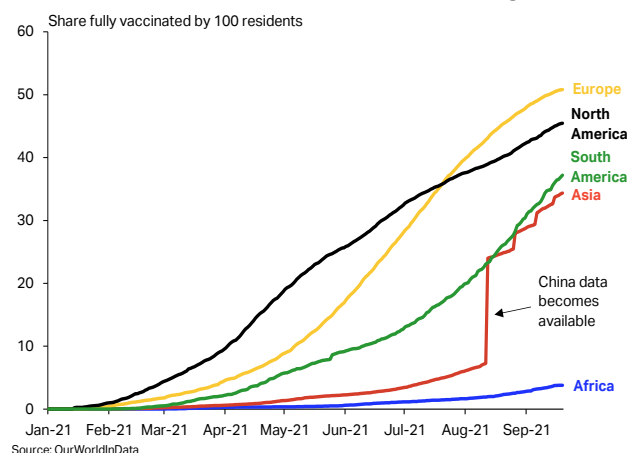
Chart 6 – Passenger load factor by region



Positive signs ahead, but the economy is slowing

Looking ahead, there are signs the recovery in air travel may continue. Firstly, vaccination rates are increasing in all regions, despite hesitancy in some specific countries and the likely need for booster shots for parts of the population. That said, low vaccination rates in Africa underline that the virus may continue to circulate globally as long as there is community transmission in some parts of the world (**Chart 7**).

Chart 7: Share of people vaccinated by region

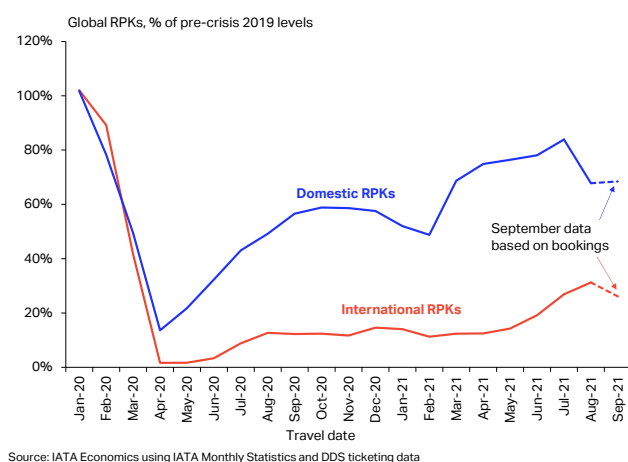


Secondly, recent news on the easing of air travel restrictions in North Atlantic and in the UK – not captured in August or September data – suggest international travel may continue to improve in the coming months.

The macroeconomic picture is more contrasted. The global composite PMI – an indicator of business confidence and economic activity – eased to 52.6 in August from 55.8 in July. Early PMIs for September suggest that economic growth may continue to decelerate. The surge in demand associated with the removal of many restrictions on activity earlier in 2021 is waning. On top of that, there are concerns that supply chain congestion, labour shortages, a slowdown in Chinese growth and inflation may hold back activity in the next few months.

In any case, bookings made for travel in September point to a deterioration in international RPKs, with domestic RPKs also struggling to rebound after their fall in August (**Chart 8**). Bookings also show a partial rebound in the Chinese domestic market.

Chart 8: Trends in passenger bookings (dom. vs. int'l)



Air passenger market detail - August 2021

To aid understanding, the table includes both % comparisons with pre-crisis 2019 months and 2020 months.

	World share ¹	August 2021 (% ch vs the same month in 2019)				August 2021 (% year-on-year)			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	-56.0%	-46.2%	-15.6%	70.0%	72.9%	46.9%	10.5%	70.0%
Africa	1.9%	-58.0%	-50.4%	-11.5%	64.0%	205.2%	117.7%	18.4%	64.0%
Asia Pacific	38.6%	-78.3%	-66.5%	-29.6%	54.5%	-29.9%	-15.3%	-11.3%	54.5%
Europe	23.7%	-48.7%	-38.7%	-14.4%	74.6%	80.0%	57.2%	9.5%	74.6%
Latin America	5.7%	-42.0%	-37.7%	-5.8%	77.4%	215.1%	178.2%	9.1%	77.4%
Middle East	7.4%	-68.0%	-53.1%	-26.0%	56.0%	228.7%	123.1%	18.0%	56.0%
North America	22.7%	-30.3%	-22.7%	-8.6%	78.6%	209.4%	88.5%	30.7%	78.6%
International	45.8%	-68.8%	-59.0%	-20.4%	65.3%	145.8%	91.7%	14.4%	65.3%
Africa	1.6%	-58.5%	-50.1%	-12.7%	63.0%	220.9%	117.5%	20.3%	63.0%
Asia Pacific	11.0%	-93.4%	-85.7%	-44.9%	37.9%	56.2%	51.3%	1.2%	37.9%
Europe	18.6%	-55.9%	-45.0%	-17.7%	71.5%	102.0%	68.5%	11.9%	71.5%
Latin America	2.2%	-63.1%	-57.3%	-11.4%	72.6%	461.2%	331.2%	16.8%	72.6%
Middle East	7.0%	-69.3%	-55.0%	-26.2%	56.2%	253.0%	126.8%	20.1%	56.2%
North America	5.4%	-59.0%	-48.5%	-18.0%	70.3%	397.3%	178.9%	30.9%	70.3%
Domestic	54.2%	-32.2%	-22.2%	-11.0%	74.7%	37.8%	19.4%	10.0%	74.7%
Dom. Australia ⁴	0.7%	-83.3%	-75.1%	-27.1%	54.9%	56.8%	56.6%	0.1%	54.9%
Domestic Brazil ⁴	1.6%	-20.7%	-18.2%	-2.6%	79.9%	140.5%	129.1%	3.8%	79.9%
Dom. China P.R. ⁴	19.9%	-57.0%	-36.8%	-28.1%	59.5%	-47.1%	-33.1%	-15.8%	59.5%
Domestic India ⁴	2.1%	-44.8%	-34.7%	-13.3%	72.1%	121.5%	102.9%	6.1%	72.1%
Domestic Japan ⁴	1.4%	-59.8%	-29.4%	-34.9%	46.3%	28.8%	-5.1%	12.2%	46.3%
Dom. Russian Fed. ⁴	3.4%	31.9%	32.6%	-0.5%	90.5%	27.0%	21.3%	4.1%	90.5%
Domestic US ⁴	16.6%	-13.2%	-7.1%	-5.7%	80.9%	181.5%	70.8%	31.8%	80.9%

¹% of industry RPKs in 2020

²Change in load factor vs same month in 2019

³Load factor level

⁴Note: the seven domestic passenger markets for which broken-down data are available account for approximately 46% of global total RPKs and 84% 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.

Year-to-date developments (Jan. - Aug. 2021 vs Jan. - Aug. 2019)

	Year-to-date (% ch vs the same period in 2019)			
	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	-63.3%	-53.4%	-17.6%	65.4%
Africa	-69.5%	-59.9%	-17.2%	54.8%
Asia Pacific	-66.7%	-57.0%	-18.6%	63.6%
Europe	-70.2%	-61.2%	-19.7%	65.7%
Latin America	-55.3%	-50.4%	-8.2%	74.6%
Middle East	-76.9%	-60.9%	-31.5%	45.4%
North America	-45.4%	-34.8%	-13.9%	71.5%

¹% of industry RPKs in 2020

²Change in load factor vs same period in 2019

³Load factor level

Year-to-date (% ch vs the same period in 2019)

	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
Domestic	-30.5%	-20.8%	-10.3%	73.7%
Dom. Australia	-58.7%	-48.3%	-16.0%	63.5%
Domestic Brazil	-36.6%	-33.8%	-3.5%	79.0%
Dom. China P.R.	-18.9%	-6.0%	-11.7%	73.5%
Domestic India	-51.2%	-36.3%	-20.6%	67.0%
Domestic Japan	-63.4%	-41.3%	-27.3%	45.4%
Dom. Russian Fed.	20.5%	20.3%	0.2%	83.8%
Domestic US	-29.6%	-20.6%	-9.7%	76.2%

Year-to-date (% ch vs the same period in 2019)

	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
International	-81.6%	-71.3%	-29.7%	52.7%
Africa	-71.1%	-60.3%	-19.4%	52.1%
Asia Pacific	-94.6%	-86.7%	-48.5%	32.7%
Europe	-77.2%	-67.6%	-25.3%	60.5%
Latin America	-75.0%	-68.9%	-16.5%	66.7%
Middle East	-78.3%	-62.8%	-32.1%	44.8%
North America	-72.1%	-57.6%	-28.9%	55.6%

¹% of industry RPKs in 2020

²Change in load factor vs same period in 2019

³Load factor level

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