

## Air travel recovery accelerated in February despite the conflict

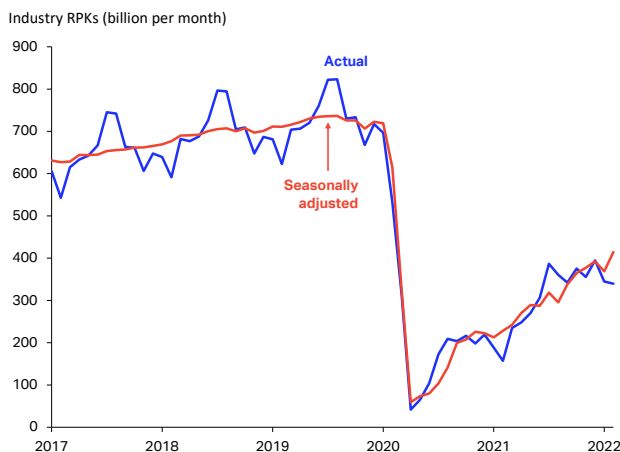
- Industry-wide revenue passenger-kilometers (RPKs) increased by 115.9% year-on-year (YoY) in February 2022. They were at 54.5% of February 2019 levels, better than in January but slightly below December 2021. Seasonally adjusted RPKs posted a strong increase on the month.
- The conflict in Ukraine only had a limited impact on air travel demand in February, as even travel within Europe or between Asia and Europe performed well. That said, the spread of Omicron in China, as well as elevated inflation and falling consumer confidence, will add to the challenges threatening the recovery.
- Ticket sales for future travel indeed point to a deterioration in domestic air travel, with resilient international traffic.

### Air travel was buoyant in February

Air passenger traffic experienced a strong rebound in February as Omicron became less of a burden on societies outside of Asia. [The conflict in Ukraine](#) has not had a major impact on February traffic data. In February 2022, industry-wide revenue passenger-kilometers (RPKs) grew by 115.9% year-on-year (YoY), but were still only at 54.5% of the levels of February 2019. The comparison with 2019 is better than that of January (50.6%) but below that of December 2021 (55.1%).

The improvement is confirmed by seasonally adjusted (SA) RPKs, which increased by 12.4% month-on-month (MoM) in February. This follows a 6.1% MoM fall in January, but it looks as though Omicron only imposed a minor delay to the global air travel recovery (**Chart 1**).

**Chart 1 – Global air passenger volumes (RPKs)**

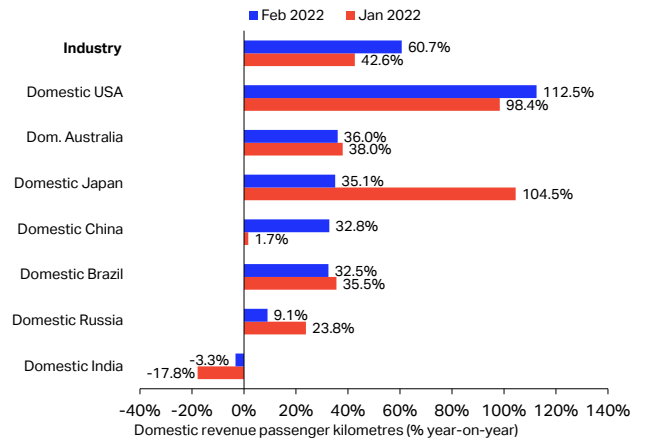


Sources: IATA Economics, IATA Monthly Statistics

### Domestic RPKs improved, but with some disparity...

There was an overall improvement in domestic RPKs globally, as they were up 60.7% YoY in February, following a 42.6% increase in January. They remained 21.8% below the volumes of February 2019, worse than the 10.8% fall of December 2021 – the maximum so far in the pandemic when comparing with 2019. Performance was quite disparate across the main markets we track (**Chart 2**).

**Chart 2 – Domestic RPK growth (airline region of registration basis), %YoY**



Sources: IATA Economics, IATA Monthly Statistics

RPKs in the **USA** were 112.5% above 2021 levels in February, an improvement from January (98.4%). They are only 6.6% below February 2019 levels, but that remains worse than the 5.5% gap with 2019 seen in November 2021. The easing of labor shortages and flight cancellations related to Omicron, weather and other issues explains the improvement in February.

### Air passenger market overview - February 2022

	World share <sup>1</sup>	February 2022 (% 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>115.9%</b>	<b>68.4%</b>	<b>15.4%</b>	<b>69.8%</b>	<b>98.0%</b>	<b>59.4%</b>	<b>13.1%</b>	<b>67.1%</b>
International	37.6%	256.8%	112.4%	26.4%	65.4%	203.5%	98.7%	21.9%	63.4%
Domestic	62.4%	60.7%	39.7%	9.7%	74.3%	51.1%	33.2%	8.4%	70.8%

<sup>1</sup>% of industry RPKs in 2021

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

<sup>3</sup>Load factor level

Domestic air travel in [Australia](#) grew by 36.0% YoY in February, in line with the previous month. The upshot is that traffic remains 53.8% below February 2019, and also lower than Q2 2021, before the Delta variant hit. There was a small deterioration in domestic RPKs in [Brazil](#), which were up 32.5% YoY in February. [India's](#) domestic air travel volumes fell by 3.3% YoY in February, an improvement from the 17.8% drop the month before.

[Japan](#) was strongly impacted by the spread of the Omicron variant in February, leading to the highest number of deaths and severe cases in the crisis so far. Although no strict lockdowns have been used, travelers have usually followed advice to limit domestic trips, resulting in RPKs being only 35.1% above 2021 levels in February. This is down from 104.5% in January. RPKs are 64.8% below February 2019 values – the worst among the countries we track – and there was a 26.1% MoM fall in SA RPKs.

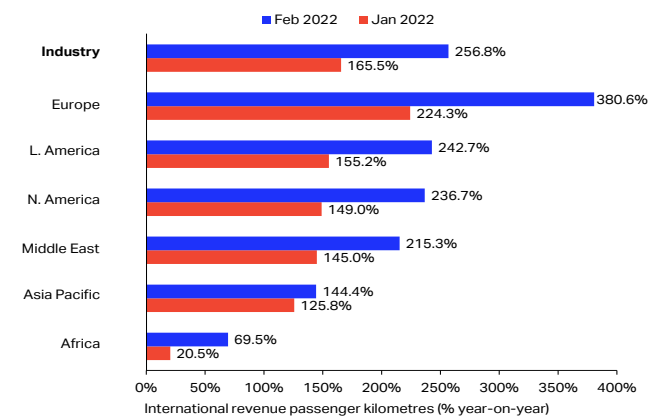
YoY growth in domestic RPKs in [China](#) improved from 1.7% in January to 32.8% in February. This is however partly due to base effect related to the timing of Chinese New Year, as the comparison with 2019 only improved marginally (to 35.3% below February 2019) while SA traffic volumes were flat. Domestic RPKs will drop in March due to lockdowns and travel restrictions that follow the spread of Omicron in the country.

Perhaps surprisingly, [Russia](#) was not the worst performer in terms of domestic RPKs growth. It was still at 9.1% YoY in February, despite the start of the conflict with Ukraine on 24 February. That said, SA RPKs dropped by 14.6% MoM, and ticket sales point to clear deteriorations from March onwards.

... while all the main international regions progressed

International RPKs rose by 256.8% YoY in February, a clear sign of the significant progress achieved in the recovery during the past twelve months (**Chart 3**).

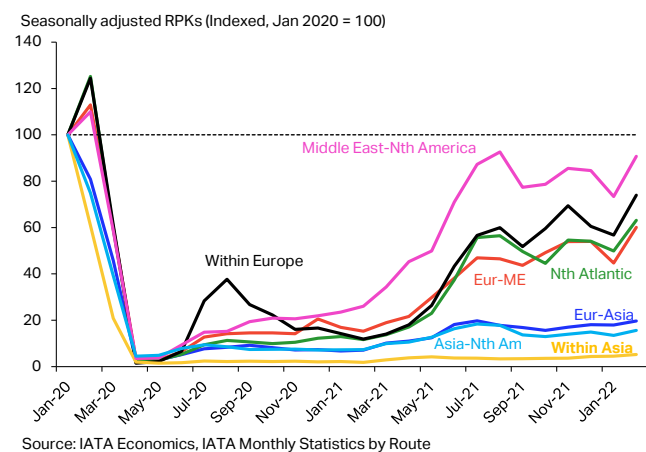
**Chart 3 – International RPK growth (airline region of registration basis), %YoY**



Sources: IATA Economics, IATA Monthly Statistics

Airlines based in [Europe](#) performed the best in YoY terms in February, although that is partly due to a favorable base effect. International RPKs are 45.4% below levels of February 2019, and SA RPKs climbed by 11.1% MoM. The impact of the war in Ukraine has been relatively limited so far for this region, outside of international Russia and countries neighboring the conflict. In fact, traffic between Europe and Asia rose by 9.6% MoM in seasonally adjusted terms, while traffic Within Europe was up 30.3% on the same basis. The whole region was in the midst of a strong recovery when the war started (**Chart 4**).

**Chart 4: Seasonally adjusted international RPKs**



Source: IATA Economics, IATA Monthly Statistics by Route

More [precise ticket sales data](#) suggest the fall in traveler confidence was moderate, and that it rebounded rapidly. What is more, refugee movements within Europe led to a strong surge in outbound travel from countries neighboring Ukraine. That will partly insulate the region from any large fall in traffic in March.

Carriers in [Latin America](#) and [North America](#) saw similar improvements in YoY international RPK growth, which was at respectively 242.7% and 236.7% in February. In both regions, international traffic volumes are around 40% below February 2019. International RPKs of airlines based in the [Middle East](#) were up 215.3% in February 2022 versus February 2021.

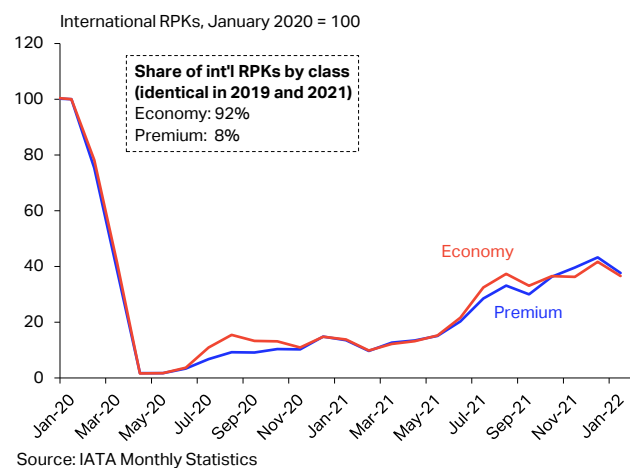
The recovery remains slow for airlines registered in [Asia](#). In February, their international RPKs grew 144.4% YoY, a sign of the progress that has already been made. RPKs were 88.0% below February 2019 levels, but there is comfort from the upward trend in SA RPKs. The recent news of the easing of travel restrictions in many countries in the region (South Korea, New Zealand, Singapore, Thailand...) is a positive.

Airlines based in [Africa](#) experienced a 69.5% YoY growth rate in their international RPKs in February. The same metric was 52.0% below its level of February 2019, worse than other regions outside of Asia. This highlights the challenges facing the continent as vaccination rates are low, and with a difficult economic outlook for emerging markets.

## Premium and economy travel are recovering in line

The pace of the recovery has been similar across cabin classes. Economy RPKs – which also include premium economy but only make up a small part of the total – were at 37% of January 2020 levels in January 2022, and up 178% YoY. Premium RPKs – which capture first and business classes – were at 38% of January 2020 values and up 165% YoY in January 2022, the latest data point. While demand for business travel is slower to recover, this is offset by higher willingness to pay from leisure travelers (**Chart 5**).

**Chart 5:** International RPKs by cabin class



## More capacity together with improving load factors

Air passenger capacity was only marginally impacted by Omicron in January, and improved again in February. Industry-wide available seat-kilometers (ASKs) increased by 68.4% YoY in February. They are down 37.0% versus February 2019.

The global passenger load factor (PLF) was at 69.8% in February, up 15.4 percentage points (ppts) YoY. It remains 13.4ppts below February 2019, better than in January (18.9ppts) but worse than prior to Omicron (11.7ppts in November 2021).

## Forward bookings show further damage from Omicron

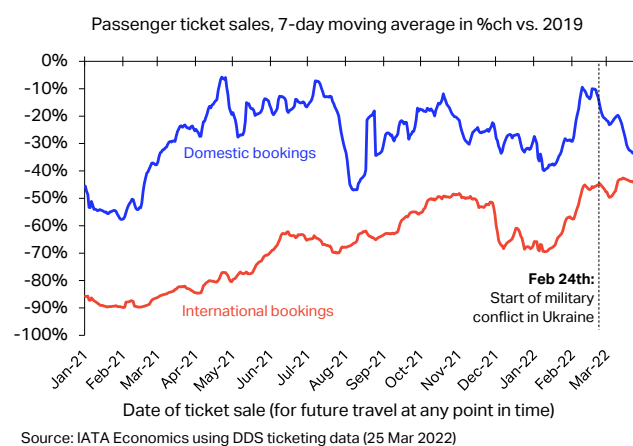
The war in Ukraine and its ramifications, the spread of Omicron in China, and elevated global inflation will all put downward pressures on RPKs in March and after.

That said, tickets sold in recent weeks for future travel point to ongoing resilience. International bookings dropped a bit following the start of the conflict, but recovered after a few days and have trended sideways since then. The upward trend seen in late-January to early-February had already paused just before the war, suggesting that it may have other causes.

Domestic ticket sales have however been trending downwards over the same period, and are currently around 33% below 2019 levels. Bookings for trips within Russia are 20-25% below 2019 levels in late-March, worse than prior to the war (10-15% above in

mid-February). But it is mainly domestic China that drives the deterioration, with bookings pointing to a severe impact from the wave of Omicron spreading there in late March (**Chart 6**).

**Chart 6:** Passenger ticket sales (dom. vs. int'l), global

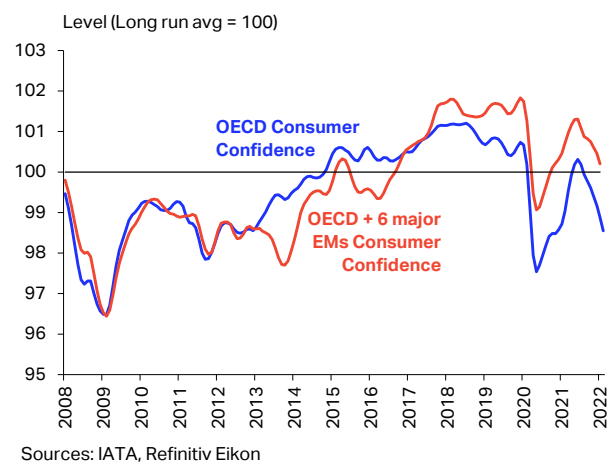


## Consumer confidence has dropped sharply

The link between air travel demand and inflation is not straightforward. Higher inflation does not necessarily entail higher fares – at least not immediately – while higher fares may not meaningfully dampen demand during recovery periods or when there is a strong willingness to travel. In particular, the elevated excess savings consumers in advanced economies accumulated in 2020 and 2021 may temporarily insulate them from price increases.

What is clearer is that consumer confidence has fallen sharply since mid-2021. The OECD's consumer confidence index has declined to values close to those of late-2020. Most economies have seen a decline, although some are still close to or above the long-term average (China, Germany...). Typically, lower confidence means consumers may hold off from large purchases, such as travel by air (**Chart 7**).

**Chart 7:** Consumer confidence compared to average



## Air passenger market in detail - February 2022

	World share <sup>1</sup>	February 2022 (% 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>115.9%</b>	<b>68.4%</b>	<b>15.4%</b>	<b>69.8%</b>	<b>98.0%</b>	<b>59.4%</b>	<b>13.1%</b>	<b>67.1%</b>
Africa	1.9%	60.2%	33.1%	11.0%	64.8%	39.3%	22.4%	7.6%	63.1%
Asia Pacific	27.6%	42.9%	31.9%	4.8%	62.9%	31.4%	23.6%	3.6%	60.4%
Europe	24.9%	232.8%	136.1%	20.9%	72.1%	191.3%	119.1%	17.4%	70.1%
Latin America	6.5%	100.5%	75.1%	10.0%	79.5%	88.1%	64.9%	9.7%	78.9%
Middle East	6.5%	194.1%	80.9%	24.9%	64.8%	157.4%	72.2%	20.5%	61.9%
North America	32.7%	134.9%	69.1%	20.9%	74.5%	122.1%	63.8%	18.5%	70.3%
<b>International</b>	<b>37.6%</b>	<b>256.8%</b>	<b>112.4%</b>	<b>26.4%</b>	<b>65.4%</b>	<b>203.5%</b>	<b>98.7%</b>	<b>21.9%</b>	<b>63.4%</b>
Africa	1.5%	69.5%	34.7%	12.9%	63.0%	41.3%	20.9%	8.9%	61.4%
Asia Pacific	3.2%	144.4%	60.8%	16.1%	47.0%	134.2%	57.6%	15.4%	47.1%
Europe	18.6%	380.6%	174.8%	30.3%	70.9%	285.6%	148.5%	24.4%	68.6%
Latin America	2.1%	242.7%	146.3%	21.7%	77.0%	189.7%	112.3%	20.4%	76.3%
Middle East	5.9%	215.3%	89.5%	25.8%	64.7%	176.4%	79.9%	21.5%	61.6%
North America	6.2%	236.7%	91.7%	27.4%	63.6%	185.2%	84.3%	21.8%	61.7%
<b>Domestic</b>	<b>62.4%</b>	<b>60.7%</b>	<b>39.7%</b>	<b>9.7%</b>	<b>74.3%</b>	<b>51.1%</b>	<b>33.2%</b>	<b>8.4%</b>	<b>70.8%</b>
Dom. Australia <sup>4</sup>	0.8%	36.0%	28.9%	3.4%	64.2%	37.0%	34.1%	1.3%	60.2%
Domestic Brazil <sup>4</sup>	1.9%	32.5%	25.9%	4.0%	80.9%	34.2%	29.4%	2.9%	82.4%
Dom. China P.R. <sup>4</sup>	17.8%	32.8%	27.7%	2.6%	66.9%	15.5%	14.4%	0.6%	64.0%
Domestic India <sup>4</sup>	2.2%	-3.3%	-15.4%	10.7%	85.4%	-10.5%	-14.3%	3.2%	75.0%
Domestic Japan <sup>4</sup>	1.1%	35.1%	74.8%	-11.0%	37.5%	70.7%	59.2%	2.7%	40.9%
Dom. Russian Fed. <sup>4</sup>	4.5%	9.1%	15.2%	-4.6%	81.7%	16.8%	18.6%	-1.2%	83.2%
Domestic US <sup>4</sup>	25.6%	112.5%	60.4%	19.3%	78.7%	105.5%	55.9%	17.8%	73.8%

<sup>1</sup>% of industry RPKs in 2021

<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 approximately 54% of global total RPKs and 86% 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.

### Air passenger market - 2022 vs. 2019

	February 2022 (% ch vs the same month in 2019)			
	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>-45.5%</b>	<b>-37.0%</b>	<b>-10.8%</b>	<b>69.8%</b>
Africa	-50.6%	-46.2%	-5.8%	64.8%
Asia Pacific	-64.4%	-53.0%	-20.0%	62.9%
Europe	-41.7%	-33.9%	-9.7%	72.1%
Latin America	-26.6%	-24.8%	-2.0%	79.5%
Middle East	-44.8%	-38.4%	-7.5%	64.8%
North America	-20.3%	-13.8%	-6.1%	74.5%

<sup>1</sup>% of industry RPKs in 2021

<sup>2</sup>Change in load factor vs same month in 2019

<sup>3</sup>Load factor level

	February 2022 (% ch vs the same month in 2019)			
	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>International</b>	<b>-59.6%</b>	<b>-50.8%</b>	<b>-14.2%</b>	<b>65.4%</b>
Africa	-52.0%	-46.9%	-6.6%	63.0%
Asia Pacific	-88.0%	-79.3%	-34.1%	47.0%
Europe	-45.4%	-36.5%	-11.6%	70.9%
Latin America	-43.9%	-40.7%	-4.3%	77.0%
Middle East	-46.2%	-39.9%	-7.7%	64.7%
North America	-44.4%	-31.3%	-15.0%	63.6%

<sup>1</sup>% of industry RPKs in 2021

<sup>2</sup>Change in load factor vs same month in 2019

<sup>3</sup>Load factor level

	February 2022 (% ch vs the same month in 2019)			
	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>Domestic</b>	<b>-21.8%</b>	<b>-12.9%</b>	<b>-8.4%</b>	<b>74.3%</b>
Dom. Australia	-53.8%	-43.9%	-13.6%	64.2%
Domestic Brazil	-12.9%	-11.2%	-1.5%	80.9%
Dom. China P.R.	-35.3%	-15.1%	-20.8%	66.9%
Domestic India	-32.7%	-29.6%	-3.8%	85.4%
Domestic Japan	-64.8%	-32.7%	-34.2%	37.5%
Dom. Russian Fed.	15.0%	7.9%	5.0%	81.7%
Domestic US	-6.6%	-3.2%	-2.8%	78.7%

<sup>1</sup>% of industry RPKs in 2021

<sup>2</sup>Change in load factor vs same month in 2019

<sup>3</sup>Load factor level

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