



Air Passenger Market Analysis

March 2022

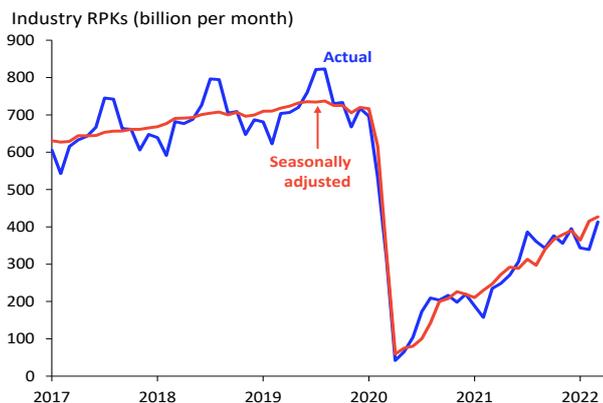
Air travel sustains positive trend in March

- Industry-wide revenue passenger-kilometers (RPKs) increased by 76% year-on-year (YoY) in March and were the closest to 2019 levels since the pandemic began, 41% below 2019 levels. Seasonally adjusted RPKs also continued to expand, rising 2.8% in March compared with February.
- Impacts from the conflict in Ukraine on air travel demand continue to be very limited overall, and even travel within Europe or between Asia and Europe remains robust.
- By contrast, the spread of Omicron in China has impacted domestic air travel, with volumes down 59.1% in March YoY. Fortunately, the impact has not spread to international RPKs for Asia Pacific carriers. And overall, Omicron is becoming less of a strain on societies outside of Asia, allowing the rebound in air travel demand to continue.

Demand conditions for air passenger travel remain supportive overall, mostly from the fact that Omicron has become less of a burden on societies outside of Asia. [The conflict in Ukraine](#) has not had a major impact on March traffic data.

In March 2022, industry-wide revenue passenger-kilometers (RPKs) grew by 76% YoY. Although this is lower than the strong 115.9% rise in February YoY, volumes are now the closest to 2019 pre-pandemic levels, at 41% below. The improvement is confirmed by seasonally adjusted (SA) RPKs with expansion in March of 2.8% month-on-month (MoM). It seems the disruption from Omicron (outside of Asia) was brief and the global air travel recovery (**Chart 1**) continues.

Chart 1: Global air passenger volumes (RPKs)

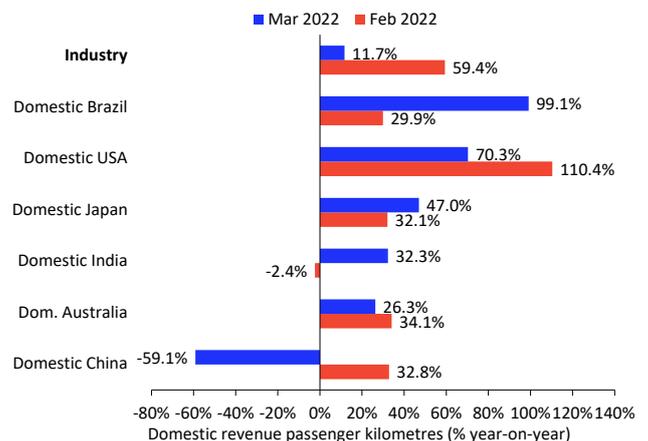


Sources: IATA Economics, IATA Monthly Statistics

Domestic air travel was strong in several large markets, except China

There was an overall improvement in domestic RPKs globally, but volumes were up only 11.7% YoY (**Chart 2**), far weaker than 59.4% YoY in February. This is a result of the second largest domestic market, China, seeing a sharp decline with RPKs falling 59.1% YoY, and 37.8% MoM. Air travel has been impacted by lockdowns and travel restrictions following the spread of Omicron in the country.

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



Sources: IATA Economics, IATA Monthly Statistics

RPKs in the **USA** were 70.3% above the March 2021 level. This is weaker than the February YoY rise of

Air passenger market overview - March 2022

	World share ¹	March 2022 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	76.0%	46.0%	12.7%	74.7%	88.8%	56.5%	11.8%	68.8%
International	37.6%	285.3%	132.3%	28.2%	71.0%	232.0%	115.8%	22.6%	64.5%
Domestic	62.4%	11.7%	1.5%	7.3%	79.2%	33.7%	20.5%	7.3%	73.4%

¹% of industry RPKs in 2021

²Year-on-year change in load factor

³Load factor level

110.4%, but SA volumes continue to close in on 2019 pre-pandemic levels, just 3.9% below in March. The easing of labor shortages and flight cancellations related to Omicron will nonetheless need to be surveyed as some pressures still persist.

Domestic air travel in Japan rebounded in March, up 47% YoY and a 30.3% MoM. 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. During March and into April, the number of news cases and deaths have been declining, and this appears to be helping traveler sentiment. Importantly, too, all domestic pandemic restrictions were lifted in March, which is set to support a strong and sustained recovery in domestic RPKs.

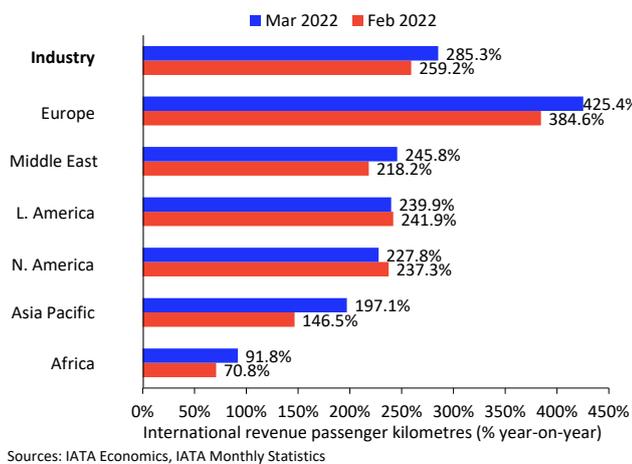
Domestic air travel in **Australia** grew by 26.3% YoY in March, slightly slower than the previous month. Domestic RPKs continue to make gains toward the most recent peak in Q2 2021, as domestic restrictions related to the pandemic continue to decrease country wide.

There was a big rise in **Brazil** domestic RPKs up 99.1% YoY in March. **India's** domestic air travel was up 32.3% in March YoY after a 2.4% fall in February YoY. Both of these important markets are approaching 2019 pre-pandemic levels, shy off that mark by 7.5% and 9.3% respectively.

We have insufficient data to report on Russian traffic.

... and international RPKs continued positively in all regions

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

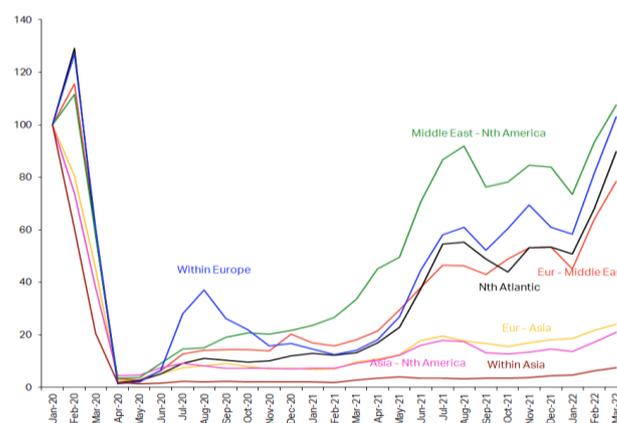


International RPKs rose by 285.3% YoY in March, continuing the significant progress achieved in the recovery during the past twelve months (**Chart 3**).

Once again, airlines based in **Europe** performed the best in March in YoY terms, up 425.4%. Furthermore, international RPKs are 36.0% below levels of March

2019, and SA RPKs continued to recover, expanding 3.5% MoM in March. 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 within Europe and on other linked markets, such as Europe to/from Asia, rose by 26% and 11% respectively MoM in seasonally adjusted terms. The strong recovery appears to be undisturbed by the capacity impacts from the Ukraine-Russia conflict - indeed, traffic within Europe increased noticeably in March (**Chart 4**).

Chart 4: Seasonally adjusted international RPKs, selected routes



Source: 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.

International RPKs for airlines registered in Asia Pacific withstood Omicron challenges from the Chinese market, rising 197.1% in March YoY, and continue the positive growth trend with SA volumes up 2.9% MoM. While important international markets such as Japan remain relatively restrictive to foreign visitors, the trend is becoming more relaxed in other countries, including South Korea, New Zealand, Singapore, and Thailand.

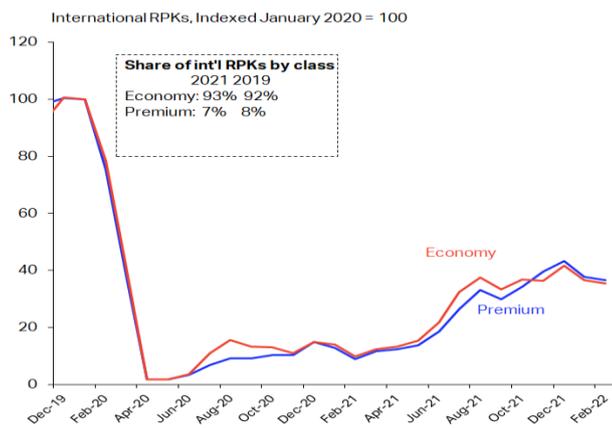
Carriers in **Latin America** and **North America** again saw similar improvements in March in YoY international RPK growth, up 239.9% and 227.8% respectively. Recovery to pre-pandemic levels is firmly on track in both regions, with Latin America benefitting from the end of bankruptcy procedures for some of the main carriers domiciled there. In fact, the recovery story is similar also regarding international RPKs of airlines based in the **Middle East, with volumes** up 245.8% in March YoY, leaving them 35.7% down on the same month in 2019.

Airlines based in [Africa](#) experienced a 91.8% YoY growth rate in their international RPKs in March. Together with Asia, Africa international RPKs lag more than the other regions in terms of recovery to pre-pandemic levels, currently 49.1% below March 2019. Air travel demand is challenged by low vaccination rates on the continent as well as impacts from rising inflation.

Premium and economy travel are recovering in line

The pace of the recovery has been similar across cabin classes. Economy RPKs – which include premium economy (a small part of the total) – were at 35% of January 2020 levels in February 2022, and up 255.6% YoY. Premium RPKs – which capture first and business class – were at 36% of January 2020 values and up 307.3% YoY in February 2022, the latest data point. The April Global Business Travel Association survey showed significant gains in the return to business travel for domestic and now also international business trips, which signals support for premium class travel ahead (**Chart 5**).

Chart 5: International RPKs by cabin class



Capacity increases and load factors edge toward 2019 levels

Overall, air passenger capacity has shown very little if any impact from Omicron in so far in 2022. Industry-wide available seat-kilometers (ASKs) increased by 56.5% YoY in March. They are down 35.5% versus March 2019, which continues the positive trend in capacity volumes.

The global passenger load factor (PLF) was at 64.2% in March, up 9.0 percentage points (ppts) YoY. It is now just 7 ppts below March 2019, which shows continued improvement since January and February; 18.9 ppts and 13.4 ppts respectively.

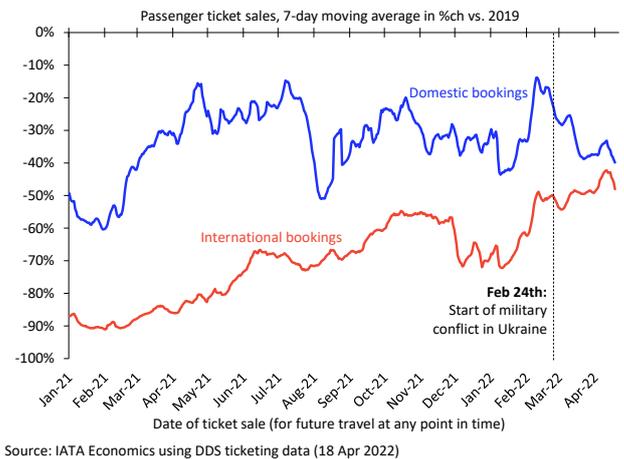
Forward bookings bode well outside of China

The war in Ukraine and inflation have yet to impact air travel demand. Tickets sold in recent weeks for future travel point to ongoing resilience. The trend in

international bookings has shown some volatility in recent weeks but remains slightly positive overall.

By contrast, domestic ticket sales have been trending downwards since February, and are currently around 40% below 2019 levels. It is mainly domestic China driving 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

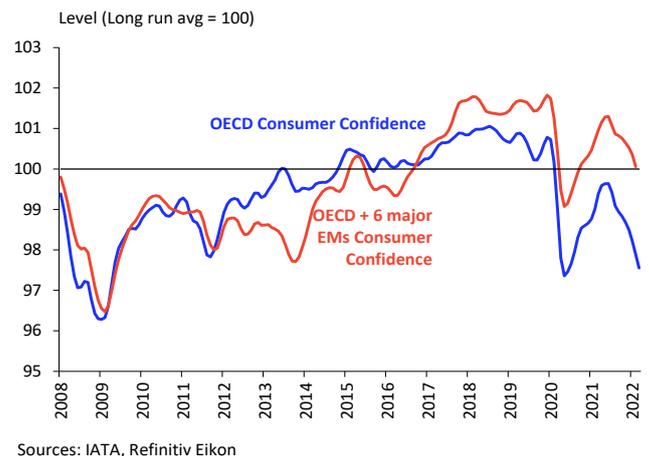


But consumer confidence has dropped sharply

The link between air travel demand and inflation is not straightforward. Higher inflation does not necessarily entail higher fares – at least not immediately – and higher fares may not meaningfully dampen demand during recovery periods or when there is a strong willingness to travel. Moreover, consumers in advanced economies benefit from elevated excess savings accumulated in 2020 and 2021 and can dip into these to maintain real spending levels.

That said, 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 that 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 - March 2022

	World share ¹	March 2022 (% year-on-year)				% year-to-date			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	76.0%	46.0%	12.7%	74.7%	88.8%	56.5%	11.8%	68.8%
Africa	1.9%	76.4%	46.8%	11.0%	65.7%	51.5%	30.3%	9.0%	64.2%
Asia Pacific	27.6%	-17.9%	-14.9%	-2.3%	64.2%	9.6%	8.2%	0.7%	61.4%
Europe	24.9%	246.9%	162.8%	17.9%	73.9%	210.4%	145.8%	14.1%	67.9%
Latin America	6.5%	119.8%	94.3%	9.4%	80.8%	97.6%	73.8%	9.6%	79.5%
Middle East	6.5%	221.1%	88.5%	29.6%	71.8%	181.3%	78.1%	24.1%	65.8%
North America	32.6%	96.5%	48.6%	20.5%	83.9%	110.1%	57.6%	18.8%	75.1%
International	37.6%	285.3%	132.3%	28.2%	71.0%	232.0%	115.8%	22.6%	64.5%
Africa	1.5%	91.8%	49.9%	14.1%	64.5%	57.4%	30.1%	10.9%	62.7%
Asia Pacific	3.1%	197.1%	70.7%	24.1%	56.6%	156.0%	62.7%	18.3%	50.3%
Europe	18.6%	425.4%	224.5%	27.8%	72.7%	331.0%	189.7%	21.7%	66.1%
Latin America	2.1%	239.9%	173.2%	15.8%	80.3%	205.6%	129.8%	19.3%	77.7%
Middle East	5.9%	245.8%	96.6%	31.1%	72.1%	202.7%	85.9%	25.4%	65.8%
North America	6.2%	227.8%	91.9%	31.2%	75.4%	201.7%	86.9%	25.4%	66.8%
Domestic	62.4%	11.7%	1.5%	7.3%	79.2%	33.7%	20.5%	7.3%	73.4%
Dom. Australia ⁴	0.8%	26.3%	17.6%	4.9%	71.5%	31.2%	26.0%	2.6%	64.8%
Domestic Brazil ⁴	1.9%	99.1%	67.5%	12.6%	79.1%	49.1%	39.8%	5.0%	80.9%
Dom. China P.R. ⁴	17.8%	-59.1%	-50.6%	-12.9%	62.0%	-19.7%	-13.6%	-4.8%	63.5%
Domestic India ⁴	2.2%	32.3%	9.4%	14.3%	82.3%	4.3%	-5.5%	7.4%	77.8%
Domestic Japan ⁴	1.1%	47.0%	54.6%	-2.9%	56.1%	58.8%	55.4%	1.0%	46.7%
Domestic US ⁴	25.6%	70.3%	34.4%	18.4%	87.2%	88.6%	47.0%	17.3%	78.4%

¹0% of industry RPKs in 2021

²Year-on-year change in load factor

³Load factor level

⁴Note: 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

	March 2022 (% ch vs the same month in 2019)			
	RPK	ASK	PLF (%-pt) ¹	PLF (level) ²
TOTAL MARKET	-41.3%	-35.5%	-7.3%	74.7%
Africa	-47.8%	-42.6%	-6.5%	65.7%
Asia Pacific	-66.7%	-57.7%	-17.5%	64.2%
Europe	-36.0%	-27.3%	-10.0%	73.9%
Latin America	-21.3%	-20.5%	-0.8%	80.8%
Middle East	-34.9%	-33.2%	-1.9%	71.8%
North America	-15.0%	-13.3%	-1.7%	83.9%

¹Year-on-year change in load factor

²Load factor level

	March 2022 (% ch vs the same month in 2019)			
	RPK	ASK	PLF (%-pt) ¹	PLF (level) ²
Domestic	-23.2%	-18.4%	-5.0%	79.2%
Dom. Australia	-33.1%	-25.7%	-7.9%	71.5%
Domestic Brazil	-7.5%	-5.4%	-1.8%	79.1%
Dom. China P.R.	-59.2%	-44.0%	-23.0%	62.0%
Domestic India	-9.3%	-4.5%	-4.4%	82.3%
Domestic Japan	-40.7%	-20.0%	-19.6%	56.1%
Domestic US	-3.9%	-4.6%	0.6%	87.2%

¹Year-on-year change in load factor

²Load factor level

	March 2022 (% ch vs the same month in 2019)			
	RPK	ASK	PLF (%-pt) ¹	PLF (level) ²
International	-51.9%	-45.2%	-9.9%	71.0%
Africa	-49.1%	-43.7%	-6.8%	64.5%
Asia Pacific	-83.5%	-76.6%	-23.9%	56.6%
Europe	-38.1%	-28.2%	-11.7%	72.7%
Latin America	-38.7%	-37.6%	-1.5%	80.3%
Middle East	-35.7%	-34.4%	-1.5%	72.1%
North America	-35.5%	-28.3%	-8.4%	75.4%

¹Year-on-year change in load factor

²Load factor level