Quarterly Air Transport Chartbook

IATA Sustainability and Economics

Q2 2024

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Glossary

ACTK – Available Cargo Tonne-Kilometers

ASKs – Available Seat-Kilometers

ATJ – Alcohol-to-Jet

ATKs – Available Tonne-Kilometers

BBL – Barrel

BLF – Breakeven Load Factor

CLF – Cargo Load Factor

CORSIA – carbon offsetting and reduction scheme for international aviation

CTK – Cargo Tonne-Kilometers

EBIT – Earnings before interest and taxes

FT – Fischer-Tropsch

GDP – Gross Domestic Product

HEFA - Hydro-processed Esters and Fatty Acids

LF – Load Factor

MoM – Month-on-month

MoUs – Memoranda of understanding

OPEC – Organization of the Petroleum Exporting Countries

O-D – Origin-Destination

PLF – Passenger Load Factor

PMI – Purchasing Managers' Index

PtL – Power-to-Liquid

PPP – Purchasing power parity

RPK – Revenue Passenger-Kilometers

RTK – Revenue Tonne-Kilometers

SA – Seasonally adjusted

SAF – Sustainable Aviation Fuel

QoQ – Quarter-on-quarter

USD – United States Dollar

YoY – Year-on-year

Route areas abbreviations

AE – Africa - Europe

AF – Africa - Far East

AM – Africa - Middle East

CS – Central America / Caribbean - South America

EC – Europe - Central America / Caribbean

EF – Europe - Far East

EM – Europe - Middle East

EN – Europe - North America

ES – Europe - South America

FN – Far East - North America

FP – Far East - Southwest Pacific

MF – Middle East - Far East

MN – Middle East - North America

NC – North America - Central America / Caribbean

NS – North America - South America

PS – North / South America - Southwest Pacific

WC – Within Central America

WE – Within Europe

WF – With Far East

WS – Within South America

Notes:

North America: Bermuda, Canada, St. Pierre and Miquelon, United States including Alaska and Hawaii, but excluding Puerto Rico and United States Virgin Islands

Central America / Caribbean: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Granada, Guadeloupe, Guatemala, Haiti, Honduras, Jamaica, Martinique, Mexico, Monserrat, Netherlands Antilles, Nicaragua, Panama, Puerto Rico, St. Kitts-Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad & Tobago, Turks and Caicos Islands, United States Virgin Islands

South America: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Paraguay, Peru, Suriname, Uruguay, Venezuela

Europe: Albania, Andorra, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faeroe Islands, Finland, France, Georgia, Germany, Greece, Greenland, Hungary, Iceland, Ireland (Republic of), Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia (former Republic of Yugoslavia), Malta, Moldova, Monaco, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, San Marino, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom

Middle East: Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Yemen

Northern Africa: Algeria, Egypt, Libya, Morocco, Sudan, Tunisia

Southern Africa: Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo, Cote d'Ivoire, Democratic Republic of the Congo, Djibouti, Eritrea, Equatorial Guinea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mayotte, Mozambique, Namibia, Niger, Nigeria, Reunion, Rwanda, Sao Tome & Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, Zimbabwe

Far East: Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, People's Republic of China, Hong Kong (SAR, China), India, Indonesia, Japan, Kazakhstan, Korea (Democratic People's Republic of), Korea (Republic of), Kyrgyzstan, Lao People's Democratic Republic, Macao (SAR, China), Malaysia, Maldives, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Chinese Taipei, Tajikistan, Thailand, Timor Leste, Turkmenistan, Uzbekistan, Vietnam

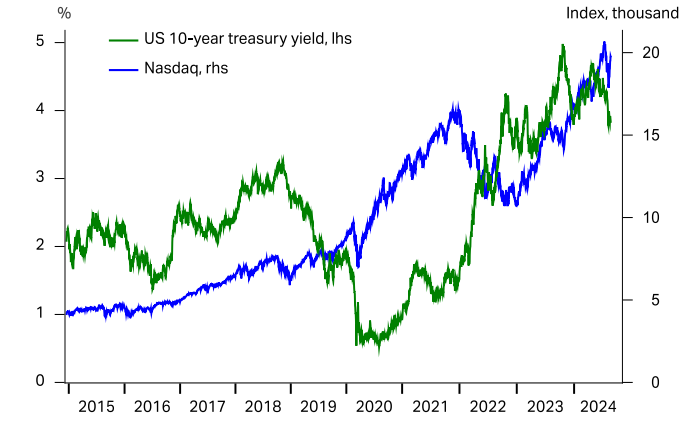
Southwest Pacific: American Samoa, Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, United States Minor Outlying Islands, Vanuatu, Wallis & Futuna Islands

Table of charts

1. The business cycle

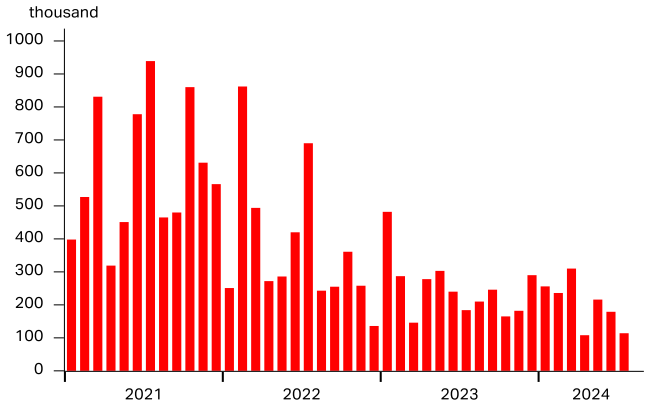
- The US economy continues to surprise on the upside for the most part, though stock markets took fright and ended sharply lower on Monday 5 August (Chart 1). GDP grew by 2.8% in the second quarter (Q2) annualized, or 0.7% quarter-on-quarter (QoQ), and the economy gained 3% compared to Q2 2023. This was above consensus expectations for the quarter. However, the July increase in non-farm payrolls disappointed with a monthly gain of 114,000 - well below the average monthly gain over the past 12 months of 215,000 (Chart 2). The unemployment rate ticked up to 4.3%.
- While job creation above 100,000 per month tends to be associated with a robust economy, the momentum is clearly slowing in the jobs market. A main source of growth in the Q2 GDP number was inventory build-up which also hints at slower growth ahead. This has caused the Federal Reserve (Fed) to switch its focus from combating inflation to supporting the labor market (the Fed has a dual mandate to ensure price stability and maximize employment), as clearly articulated by Fed Chair Jerome Powell on 23 August. The fact that July consumer price inflation dipped below 3%, to 2.9% year-on-year (YoY), for the first time in three years, certainly justifies the greater focus on the jobs market, and a rate cut at the next meeting on 17-18 September is now virtually guaranteed (Chart 3). Nevertheless, core inflation (excluding food and energy) is still at 3.2% YoY, and services price inflation at 4.9% YoY, arguing for a 25 basis point cut rather than a bigger move.
- China's Q2 GDP grew by 4.7% YoY and by 0.7% QoQ, and this was below expectations (Chart 4). The government is aiming for GDP growth of around 5% YoY in 2024. The impact of the downturn in the property market, mounting local government debt, and weak private-sector spending is weighing on the business cycle. The lack of buoyancy in the Chinese economy is also apparent in consumer price inflation, which rose a mere 0.2% YoY in June. This is an improvement on the negative inflation rate recorded into January of this year but strongly suggests that additional stimulus measures from the government side are warranted. Indeed, a raft of new measures were announced at the beginning of August, focused on the service sector and notably on care for the elderly and on potentially extending visa-free travel policies to more countries. Tourists are also going to be able to benefit from "low-altitude aviation", including airships and parachuting, as part of the new measures.
- Europe is bringing little fizz to the global business cycle, expanding 0.6% in the euro area and 0.7% in the EU YoY in the second quarter. The QoQ growth rate was 0.3% for both areas. The July inflation rate stood at 2.6% YoY, up a smidge from June, and unsurprisingly the European Central Bank left its policy rates unchanged at the July meeting. The most positive aspect of the European economy currently is arguably the still historically low unemployment rate of 6% in June (and 6.5% in the euro area) (Chart 5).
- This rather lackluster state of affairs in the global economy's principal growth engines begs the question of where some light relief might come from, and we look to India to answer that question. In the fiscal year 2023-2024 (ending March), India's GDP grew by 8.2% YoY. In Q4 of the fiscal year, GDP expanded by 7.8% YoY. The June inflation rate rose to 5.1% from 4.8% in May but is nevertheless down from 7.4% in July 2023. Unemployment is a concern in India, estimated by CMIE (Centre for Monitoring Indian Economy) at 9.2% in June, up from 7% in May. Projections from the finance ministry's economic division calculate that the Indian economy needs to generate an average of nearly 7.85 million jobs annually until 2030 in the non-farm sector to cater for the rising workforce. Clearly, India's buoyant economic growth is insufficiently job rich.
- The "steady-as-she-goes" global economy (Chart 6) masks growing trouble in poor countries. Low-income country debt repayments due to foreign creditors are now three times as high as the long-term average. As many as 60 countries are considered in moderate to outright debt distress by the IMF as of April 2024. There is limited immediate risk of a systemic financial crisis, but insufficient growth, high debt burdens, and the high interest environment are all taking an increasing toll.

Chart 1: Nasdaq index (right) and 10-year treasury yield (left)



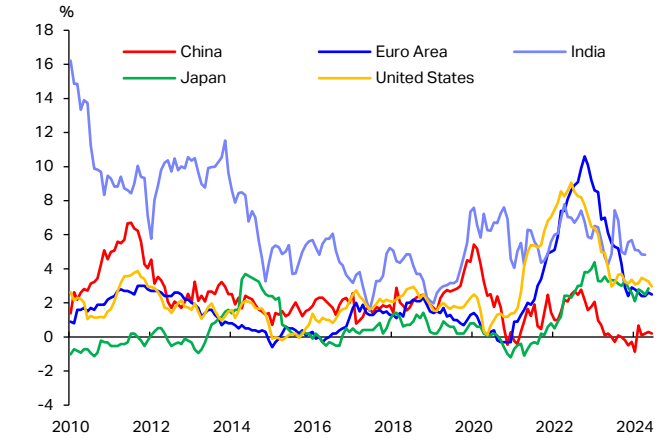
Source: MacroBond

Chart 2: US nonfarm payroll monthly gains, thousand persons



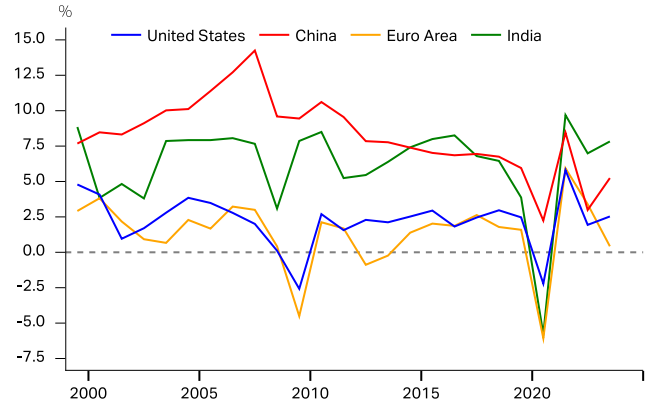
Source: MacroBond

Chart 3: Consumer price inflation in major economies, % YoY



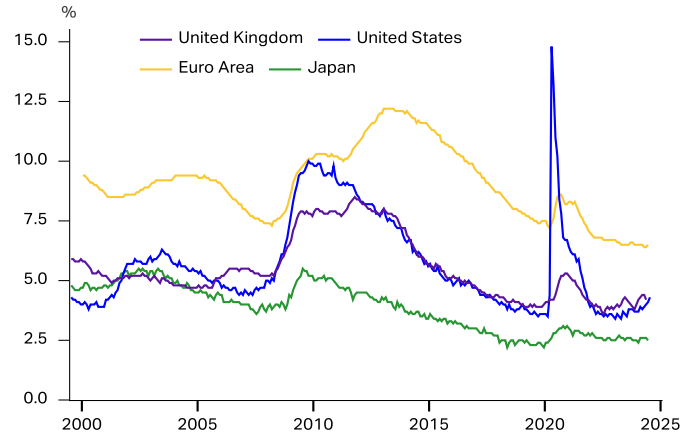
Source: MacroBond

Chart 4: Real GDP growth rate in major economies, % YoY



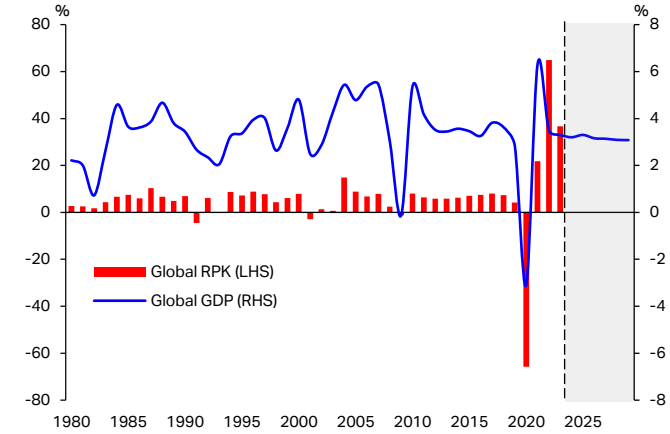
Source: IMF World Economic Outlook

Chart 5: Unemployment rate in major economies, %



Source: MacroBond

Chart 6: Global GDP (right) and RPK (left), % YoY



Source: IATA Sustainability and Economics, and IMF World Economic Outlook

2. Aviation fuel

2.1. Conventional aviation fuel

- Global jet fuel prices hovered around USD 100 per barrel in Q2, supported by steady seasonal air travel demand (Chart 7). Geopolitical tensions around the Russia - Ukraine war and that in the Middle East continue to put a floor under both crude and jet fuel prices. The jet fuel crack spread (i.e. the premium over Brent crude) has moderated but fails to revert to USD 0 – 20 per barrel range in what looks like a structural shift up (Chart 8).

- Faced with decarbonization pressures and a bearish ground transportation fuel demand outlook, less efficient refineries are shutting down or converting to other facilities, such as chemical plants. The effects of such past and ongoing regional refinery rationalizations in Europe and in the US are one factor that contributes to the amplified jet fuel price imbalances among regions (Chart 9). The gap between the lowest and the highest regions is still wider than prior to the pandemic. The difference in regional jet fuel prices between the Middle East and Latin America was USD 10 per barrel in Q2, compared to USD 5 per barrel in 2019.

2.2. Sustainable aviation fuel

- Over the past two years, the aviation industry has signed 88 Sustainable Aviation Fuel (SAF) offtake agreements, including aircraft manufacturers and airlines (Chart 10). Of these, 65 are binding purchase agreements, and 23 are non-binding. As of June 2024, 67 airlines worldwide had publicly announced their SAF purchase agreements.

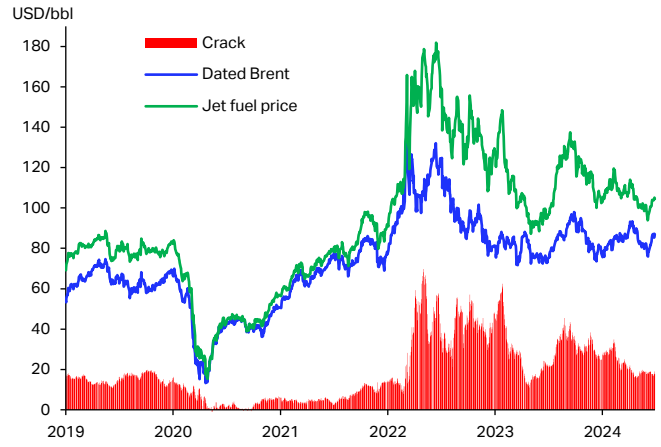
- With the agreements added in the second quarter of 2024, 75 of the total number of purchase agreements are based on bio-SAFs from four primary pathways, the majority of which are Hydro-processed Esters and Fatty Acids (HEFA) and HEFA Co-Processing. E-fuel SAFs from various Power-to-Liquid (PtL) projects comprise the remaining 13 agreements.

- We are tracking global SAF facilities that have been announced and are at different stages of development worldwide. From publicly announced renewable fuel projects until 2030, around 140 identified projects are progressing in 31 countries with cumulative renewable fuel capacity (Chart 11) at 51 Mt. The advancement of these projects, in terms of their scale-up status, have not yet progressed as expected due to various reasons, such as lack of feedstock, lack of financing, poor project economics, etc.

- SAF is of critical importance in the decarbonizing efforts of the aviation industry. How much of the world's total renewable energy production will be in the form of SAF will depend on the production pathway and the operators' optimization of the product mix at refineries. While technologies can enable the adjustment of product slates (as seen in the case of renewable diesel and SAF), this flexibility often comes at the expense of overall yields. Government policies should encourage SAF production relative to renewable diesel while promoting diversification of feedstock and technologies that maximize the SAF production potential at bio-refineries.

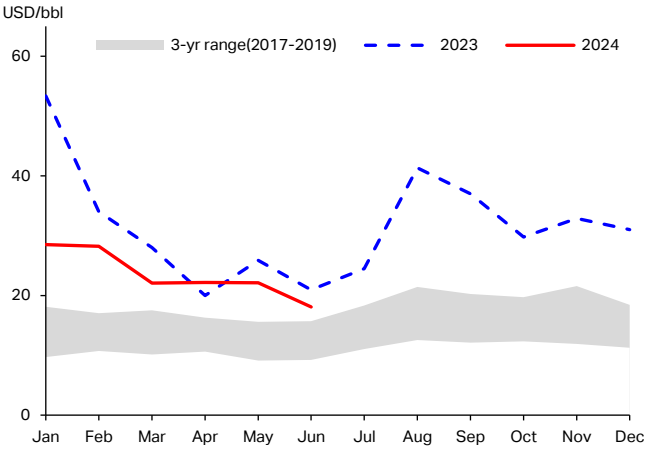
- IATA forecasts that over 85% of total global renewable fuel capacity out to 2030 would be based on the HEFA pathway, whereas now this is limited to around 78% (Chart 12). Despite SAF diversification exemplified through more individual plants across multiple technologies, especially in the EU, the key will be to scale these demo facilities to commercial operations, which is crucial to diversifying the SAF pathways.

Chart 7: Crude oil (Brent), jet fuel, and crack spread, USD/barrel



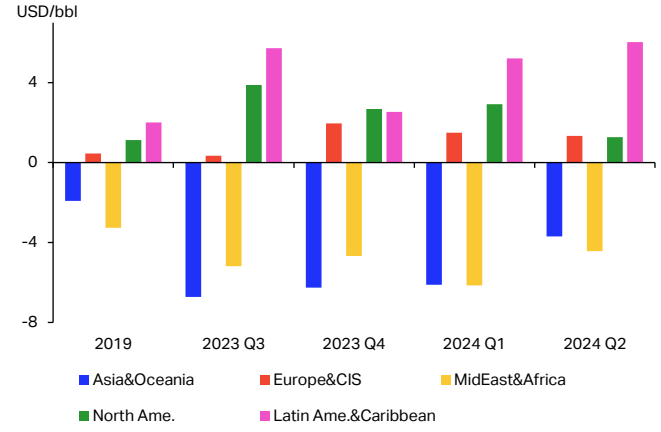
Source: S&P Global Commodity Insight

Chart 8: Jet fuel crack spread (global jet fuel price less dated brent), USD/barrel



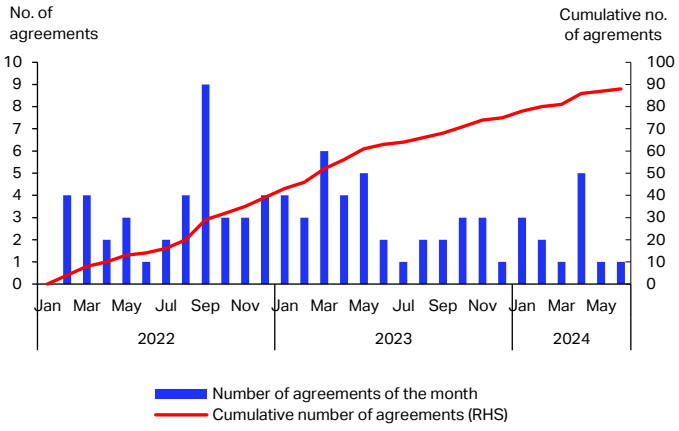
Source: IATA Sustainability and Economics, S&P Global Commodity Insights

Chart 9: Quarterly jet fuel regional difference (Regional price – global average jet fuel price), USD per barrel



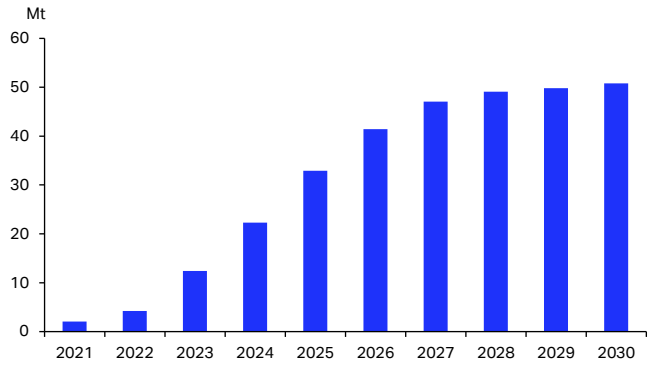
Source: IATA Sustainability and Economics, S&P Global Commodity Insights

Chart 10: Number of SAF offtake agreements, as of June 2024



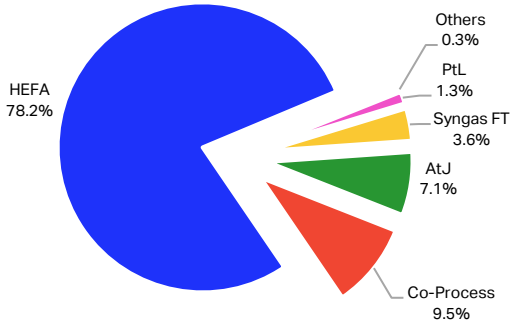
Source: IATA Sustainability and Economics

Chart 11: Cumulative renewable fuel capacity, million tons



Source: IATA Sustainability and Economics

Chart 12: Total renewable fuel production by technology by 2030, % of total capacity



Source: IATA Sustainability and Economics

3. Passenger and cargo traffic

3.1. Passenger traffic

- The steady rise in air passenger traffic continued in Q2 of 2024 amid a broadly stable macro-economic environment. Unemployment rates are increasing in certain countries but are still exceptionally low, mitigating the impact of inflation and supporting air travel demand as the peak travel period starts. Revenue Passenger-Kilometers (RPK) increased by 1.7% in seasonally adjusted terms QoQ, and by an impressive 10.1% YoY this quarter. Traffic continues to climb above the historical peak of 2019, but growth momentum has stabilized (Chart 13).

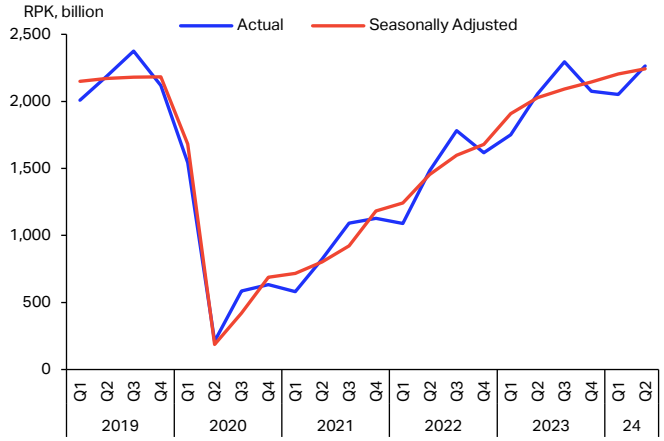
- The total industry's traffic growth is underpinned by a strong rebound in the Asia Pacific region, although this has decelerated slightly (Chart 14). Despite the high base resulting from last year's surge, the region reported a robust 14.8% increase in RPK YoY, just shy of the leading African carriers at 14.9%. These figures reflect a sustained, healthy demand for air travel, with all regions worldwide contributing to this positive trend (Chart 15).

- The Passenger Load Factor (PLF) is a strong indicator of passenger demand. In Q2 2024, industry wide PLF reached 83.5%, the highest on record for that quarter, and 0.5 percentage points and 0.9 percentage points higher than the same quarter in 2019 and 2023, respectively. The only region that saw a decrease in the load factor was North America, while the other regions have all achieved record Q2 levels (Chart 16).

- Domestic passenger traffic growth is now aligned with historical averages. The industry-wide increase in domestic RPK was 4.2% YoY this quarter, a significant deceleration from the 11.1% observed in Q1 (Chart 17). The large drop reflects a stabilization in PR China, where pent-up demand had pushed numbers out of seasonal norms and to record levels over the past year. RPK were 5.8% higher in this key market in Q2, YoY. India, a rapidly developing market, saw domestic traffic grow by 4.0% YoY in Q2, a steady rate that aligns with past observations. In the US, passenger traffic rose 4.2% on the same basis and absolute levels surpass the pre-pandemic benchmark. On the other hand, in Japan, RPK contracted by 1.4% YoY this quarter, mirroring falling domestic consumption, and the cost impact of the weaker Japanese yen. In Australia and Brazil domestic traffic gained 2.1% and 4.9% YoY in Q2, respectively.

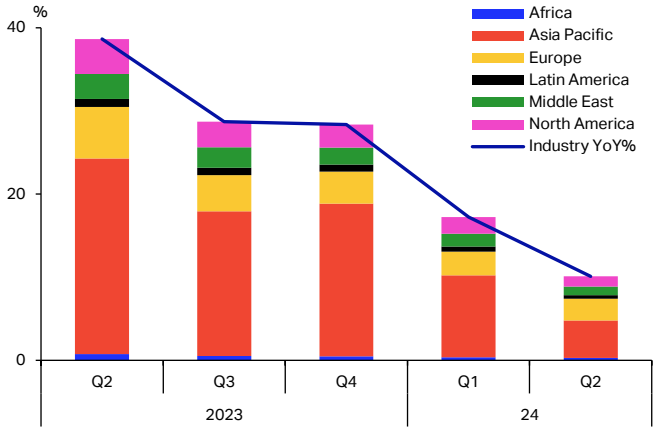
- International traffic is still the main driving force behind the increase in global passenger numbers. In this market segment, RPK expanded by a robust 14.0% YoY in the second quarter, with nearly all regions recording double-digit increases (Chart 18). The Asia Pacific region is at the forefront of this growth, boasting a 26.8% YoY rise in international passenger traffic. Despite having the advantage of rising from a lower base in 2023 compared to other regions, Asia Pacific's stunning recovery is noteworthy and has extended into the current quarter. Africa also performed strongly, gaining 15.0% YoY in Q2. North American carriers, while recording the smallest increase among the regions at 6.9% YoY, benefit from high absolute levels that surpass those seen in 2019.

Chart 13: Industry total RPK, billion



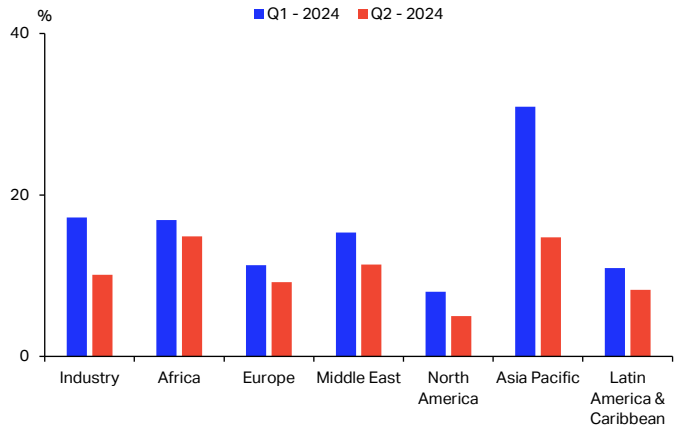
Source: IATA Sustainability and Economics, IATA Monthly Statistics

Chart 14: Regional contribution to industry annual RPK growth



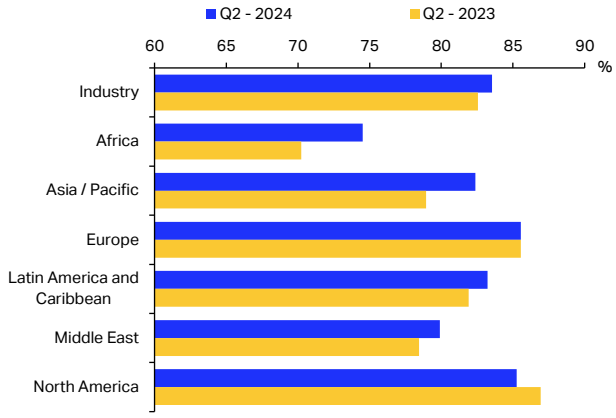
Source: IATA Sustainability and Economics, IATA Monthly Statistics

Chart 15: Total RPK by airline region of registration, % YoY



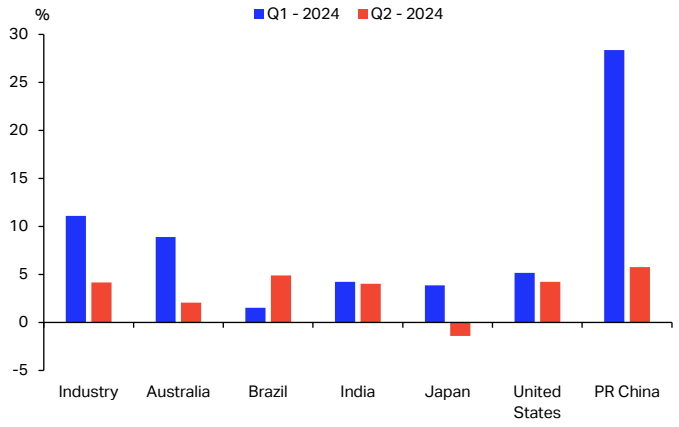
Source: IATA Sustainability and Economics, IATA Monthly Statistics

Chart 16: Passenger Load Factor by airline region of registration, % share of ASK



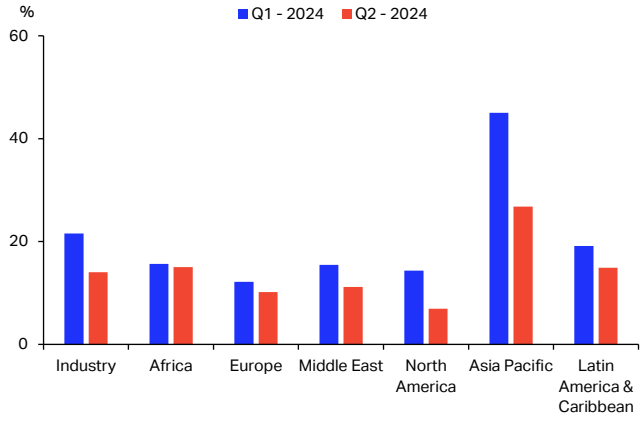
Source: IATA Sustainability and Economics, IATA Monthly Statistics

Chart 17: Domestic RPK by country market, % YoY



Source: IATA Sustainability and Economics, IATA Monthly Statistics

Chart 18: International RPK by airline region of registration, % YoY

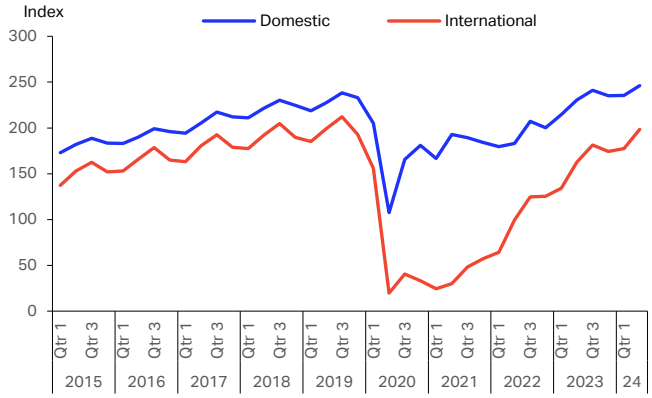


Source: IATA Sustainability and Economics, IATA Monthly Statistics

3.2. Air connectivity

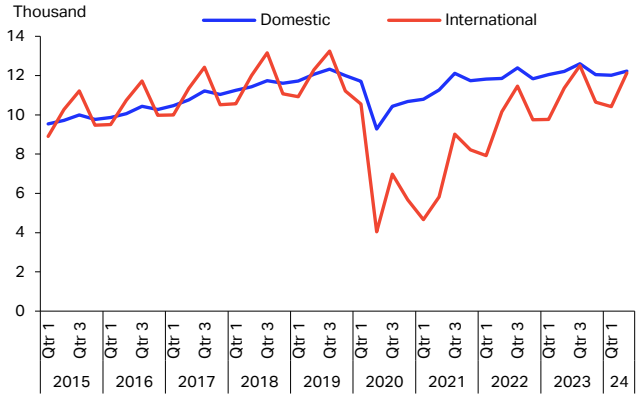
- IATA's Air Connectivity Index measures how well countries worldwide are interconnected via air transportation. The index reflects the seat capacity of direct flights to each destination at the airport level, weighted by the destination's size (measured by seat capacity handled). Continuing the upward trend, on a global level, domestic air connectivity grew by 6.8% YoY in Q2, while international air connectivity increased by 22.1% YoY (Chart 19).
- The global number of airports connected by direct flights has increased to 24,400 airport pairs, a moderate 3.3% YoY increase. This increase is mainly due to a 6.7% YoY growth in international airport pairs. Domestic airport pairs have remained relatively stagnant, rising only by 0.2% YoY (Chart 20).
- Looking closer at domestic air connectivity across a selection of countries, we observe significant differences in YoY growth (Chart 21). Most notably, domestic air connectivity grew strongly in China and India by 14.6% and 9.9% YoY, respectively. In Australia, the United States, and Japan, more moderate increases of 6.2%, 5.0%, and 3.2% YoY, in that order, took place. Brazil's domestic air connectivity, on the other hand, decreased by 7.9% YoY.
- Analyzing flights connecting different regions, we see that interregional connectivity has grown as a whole and in every region (Chart 22). Asia Pacific benefitted from the greatest improvement in interregional connectivity, up by 25.5% YoY. This was followed by North America and Europe at 18.2%, and 16.7% YoY, respectively. The latter regions' strong growth can be explained by their greater connectivity with the Asia Pacific region. These regions were followed by the regions of Africa, Latin America & the Caribbean, and the Middle East, all of which showed strong numbers as well, at 13.1%, 10.6%, and 8.0% YoY, respectively.
- Considering international flights within the same region, intraregional air connectivity too has grown more buoyant (Chart 23). With travel growing strongly to and from China, intraregional connectivity in the Asia Pacific increased by an eyewatering 62.1% YoY in the second quarter. Furthermore, Latin America and the Caribbean, as well as the Middle East both expanded their intraregional connectivity by an impressive 24.8% and 16.6% YoY, respectively. More moderate but still significant gains in intraregional connectivity were observed in Europe, Africa, and North America, which regions improved by 13.0%, 11.7%, and 7.0% YoY, respectively.

Chart 19: IATA Global Air Connectivity Index, 2014 = 100



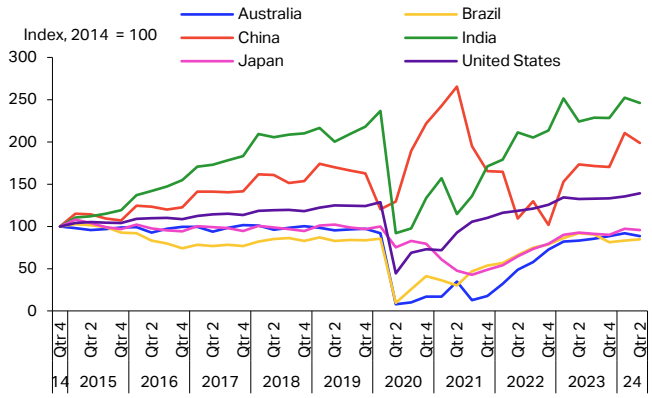
Source: IATA Sustainability and Economics

Chart 20: Global airport pairs, thousand



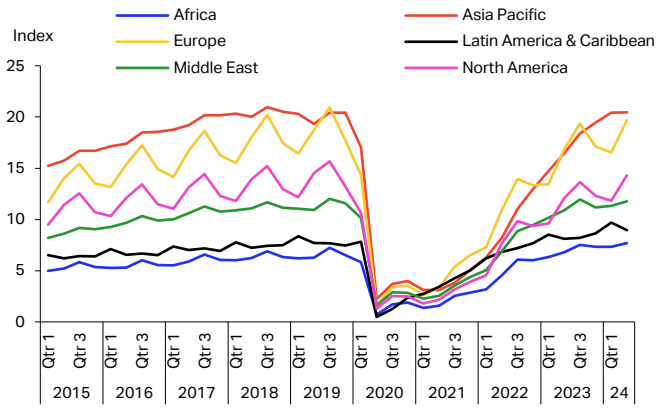
Source: IATA Sustainability and Economics

Chart 21: IATA Domestic Air Connectivity Index, selected countries, 2014 = 100



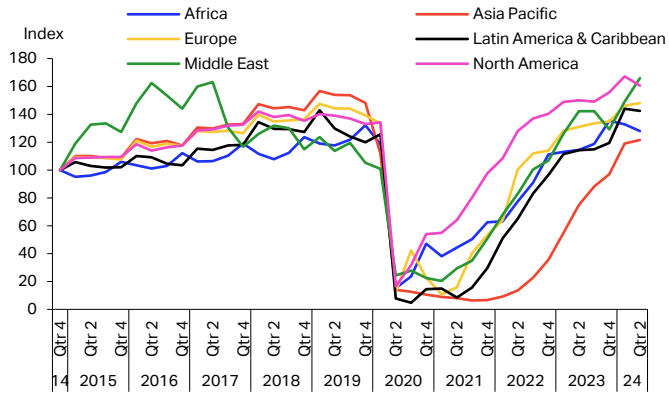
Source: IATA Sustainability and Economics

Chart 22: IATA Interregional Air Connectivity Index, 2014 = 100



Source: IATA Sustainability and Economics

Chart 23: IATA Intraregional Air Connectivity Index, 2014 = 100



Source: IATA Sustainability and Economics

3.3. Cargo traffic

- The airline industry recorded a strong 13.5% annual increase in cargo tonne-kilometers (CTK) in Q2 2024 (Chart 24). Air cargo volumes rose 2.7% compared to Q1 and after seasonal adjustment. As a result, Q2 2024 was the fourth consecutive quarter with positive YoY growth and the second straight quarter with a double-digit annual surge. In addition, Q1 contributed to an exceptional first half-year performance for air cargo, with volumes exceeding 2023, 2022, and even the record-breaking 2021 levels (Chart 25). These extraordinary traffic levels have appeared amid escalating trade tensions and heightened policy uncertainty. They can be partly explained by booming e-commerce out of Asia and repeated disruptions in global maritime shipping, which have led to a strategic diversification of certain supply chains.

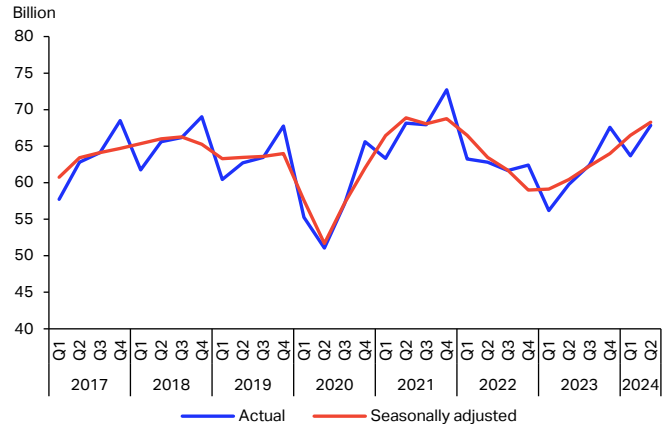
- Most air cargo is carried across borders. In Q2, demand on the international routes expanded by 14.4% YoY. All world regions supported this double-digit growth, thanks in part to the low base in the first half of 2023 (Chart 26). Notably, airlines registered in Asia Pacific expanded air cargo volumes by an impressive 16.7% YoY, the largest increase since 2021. These carriers accounted for 40% of the global expansion in Q2, thanks to their large market size. European cargo volumes followed closely with 16.0% YoY, while African and Middle Eastern airlines registered 14.5% and 13.2%, respectively. For the Middle East, the second quarter result reflects a notable 9.8 percentage points drop compared to the growth recorded in Q1, though this is related to a strong base effect (caused by a buoyant second quarter in 2023). Finally, airlines registered in the Americas joined other regions with double-digit increases, marking 11.6% annual growth in Latin America and 10.0% in North America.

- On the supply side, industry-wide available cargo tonne-kilometers (ACTK) registered a 7.6% growth YoY in Q2 2024, curtailing the momentum of the previous four straight quarters with double-digit expansions (Chart 27). Despite this slight deceleration in the growth rate, global air cargo capacity has reached record levels year-to-date, maintaining the steady upward trajectory that started after the pandemic. With an annual increase of 16.3% YoY, passenger belly-hold capacity continues to be the primary driver of industry-wide growth, while dedicated freighter capacity grew by a mere 3.8%. As a result, belly capacity now takes up as much as 55% of international ACTK, thereby continuing to approach the pre-pandemic share of about 60%. However, it is notable that the contribution of belly capacity to the international ACTK expansion has declined since Q1 2023.

- In Q2 2024, the seasonally adjusted industry cargo load factor (CLF) remained roughly level compared to Q1, reporting 46% on average (Chart 28). This is 2.2 percentage points above the corresponding 2023 value and reflects the second consecutive month with positive annual growth in the global CLF after a long streak of negative YoY evolutions that started in Q3 2021. Strong global demand growth has helped load factors recover from the post-pandemic influx of international belly capacity. However, there is still some distance to cover before reaching the pre-pandemic average of 49% (2010-2019). Meanwhile, the global air cargo yield (with surcharges) showed an uptick of 6.1% QoQ and a minor reduction of 0.8% YoY, the smallest annual drop since Q4 2022. Importantly, recurring disruptions in maritime shipping and the related sharp decline in relative air freight rates over maritime continue to ensure that air services remain significantly more competitive than pre-pandemic.

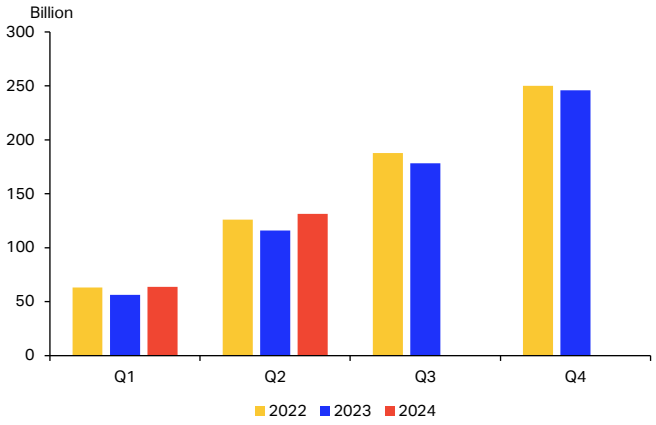
- On international routes, the average CLF declined from 51.7% in Q1 to 50.5% in Q2. As has been the case since Q3 2022, the highest load factors were observed on the Asia-Europe and Asia-North America trade lanes, with 68.5% and 63.8%, respectively (Chart 29). Measured in CTK, these two routes handle the largest air cargo volumes worldwide, and after the pandemic, they started benefiting from thriving e-commerce demand. By contrast, the Transatlantic routes – the third largest in the world – registered a significant 9.2 percentage points decline in load factors in Q2, closing with a comparatively low 40.2%. This is typical for the second quarter, as the Europe-North America trade lane is guided by retail cycles that tend to peak during the winter season.

Chart 24: Industry CTK, billion



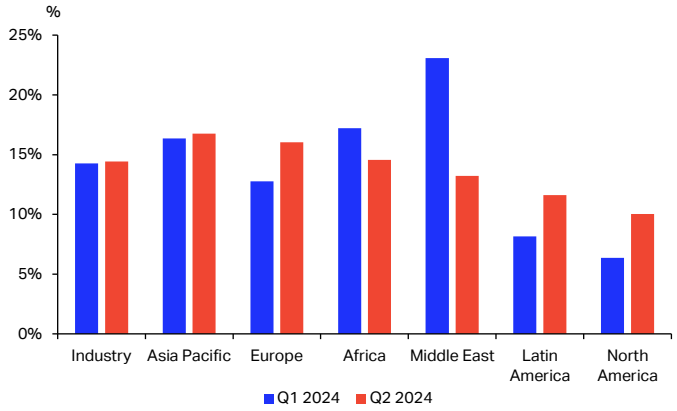
Source: IATA Sustainability and Economics, IATA Monthly Statistics

Chart 25: Industry CTK, year-to-date, billion



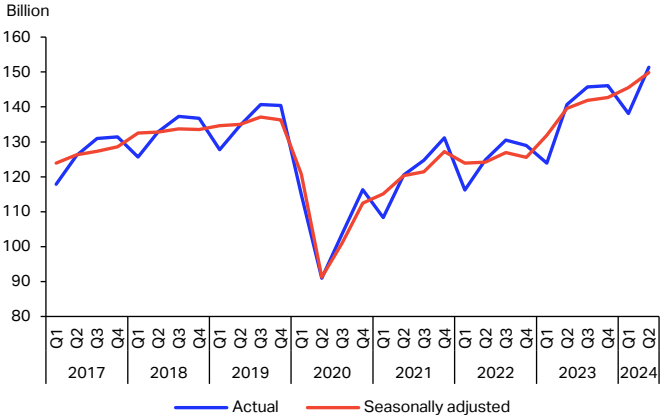
Source: IATA Sustainability and Economics, IATA Monthly Statistics

Chart 26: International CTK by airline region of registration, % YoY



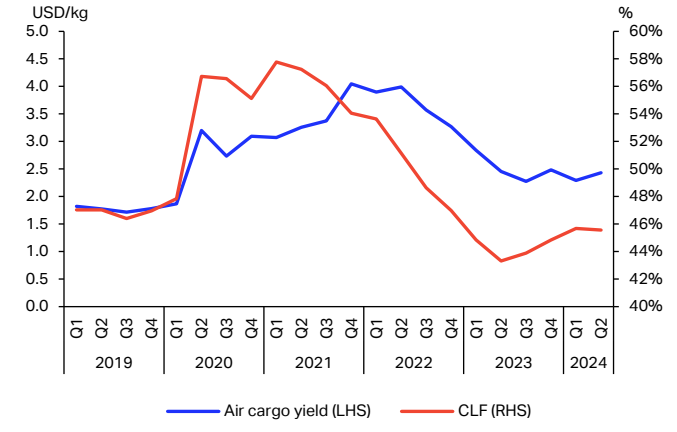
Source: IATA Sustainability and Economics, IATA Monthly Statistics

Chart 27: Industry ACTK, billion



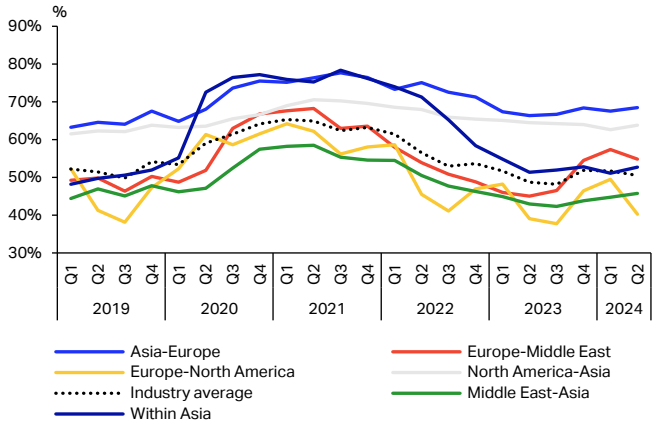
Source: IATA Sustainability and Economics, IATA Monthly Statistics

Chart 28: Global air cargo yield (with surcharges), USD/kg (LHS), and industry cargo load factor, seasonally adjusted, % (RHS)



Source: IATA Sustainability and Economics, IATA Monthly Statistics, CargoIS

Chart 29: International cargo load factor by major route area, share of ACTK, %



Source: IATA Sustainability and Economics, IATA Monthly Statistics

4. Regional performance

4.1. Africa

- African airlines recorded a 14.9% YoY increase in RPK during Q2, even higher than the global industry average growth rate of 10.1%. This growth was driven by the remarkable 46.1% YoY increase in air passenger traffic between Africa and Asia in Q2, after a 64.7% YoY growth in Q1. This exceptional performance was buoyed by the ongoing international traffic recovery from China and other Asian countries. Traffic between Africa and the Middle East grew by 11.1% YoY, while traffic between Africa and Europe increased by a more modest 4.3% YoY, both showing some deceleration from Q1(Chart 30).

- Passenger capacity on African airlines, measured in ASK, increased by 8.3% YoY in Q2. This pushed the average PLF of African carriers to 75%, still below the global average of 84%. Notably, PLF on routes between Africa and Asia improved by six percentage points from Q1 to 75% in Q2 (Chart 31). In the meantime, the average PLF on routes from Africa to the Middle East and to Europe stayed roughly level, at 75% and 81%, respectively. Note that routes between Africa and Europe, for example, are served not only by African but also by European and Middle Eastern airlines.

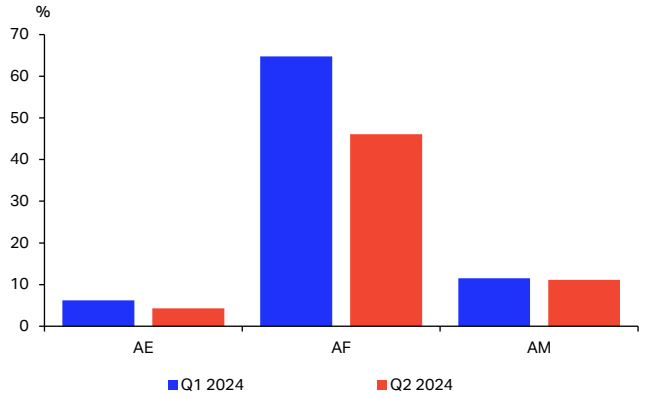
- Air cargo market growth in Africa followed the passenger side closely, with a 14.5% YoY increase in CTK for locally registered airlines. Meanwhile, capacity recorded a stunning 21.4% annual increase, resulting in an average CLF of 42% for Q2, down three percentage points from the prior quarter. Air cargo traffic between Africa and the Middle East remained unchanged compared to last year after a 12% rise in Q1 (Chart 32). By contrast, traffic between Africa and Europe, the most important among the three major routes, grew by 10.2% YoY in Q1. Routes between Africa and Asia marked a major 35.5% YoY increase, following a 39.1% increase in Q1, indicating continued high demand. Air cargo traffic on this specific route area tripled over the past ten years, outgrowing all other route areas by a large margin. This rapid growth underscores the increasing importance of Africa as a trading partner for Asia.

- Air passenger traffic from Africa is predominantly directed towards the Middle East, Western Europe, the US, and China (Chart 33). In Q2, air passengers between Africa and China surged by 63% YoY, the highest growth among top destinations for African travelers. Traffic between Africa and Kuwait rose by 27%, while traffic to Saudi Arabia increased by 23%, maintaining Saudi Arabia as the top destination for flights from Africa. Conversely, air traffic from Africa to the US and Western Europe remained relatively stable compared to the previous year.

- In Q3, Ethiopia, Tanzania, and Ghana and are expected to lead the growth in air passenger traffic among top African destinations, signaling their rising appeal for tourism and business (Chart 34). In contrast, Egypt, Morocco, and Nigeria could see fewer passengers in Q3 based on Q2 tickets sales. Meanwhile, other major African destinations, such as South Africa and Kenya, remain relatively stable compared to 2023.

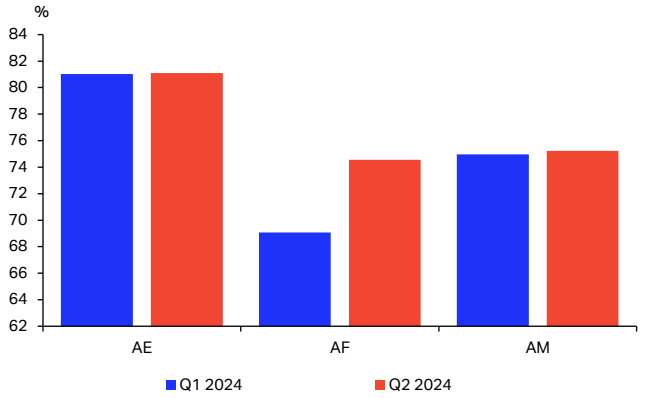
- African airlines have increased aircraft orders significantly since 2022, reflecting confidence in the region's aviation future. Specifically, 29 aircraft are scheduled for delivery in 2024, with an additional 48 expected in 2025 (Chart 35).

Chart 30: Africa, international air passenger traffic by route area, % YoY



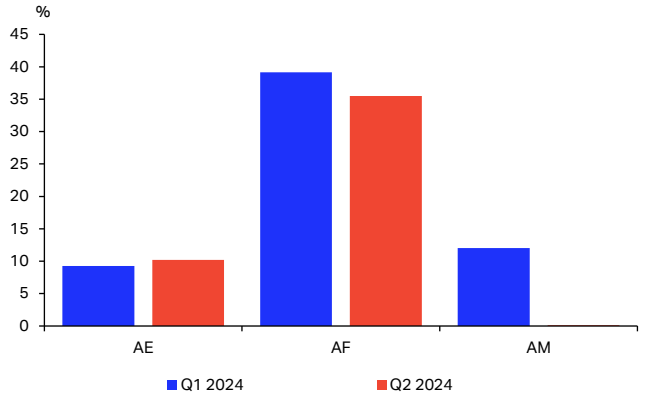
Source: IATA Sustainability and Economics.
Notes: AE = Africa and Europe; AF = Africa and Far East; AM = Africa and Middle East.

Chart 31: Africa, air passenger load factor by route area, share of ASK, %



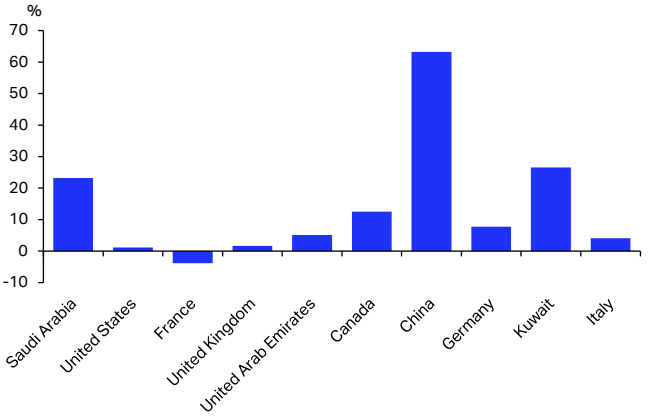
Source: IATA Sustainability and Economics.
Notes: AE = Africa and Europe; AF = Africa and Far East; AM = Africa and Middle East.

Chart 32: Africa, international air cargo traffic by route area, % YoY



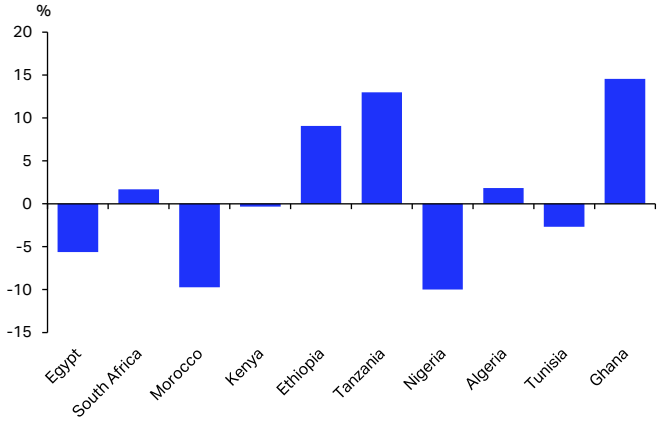
Source: IATA Sustainability and Economics.
Notes: AE = Africa and Europe; AF = Africa and Far East; AM = Africa and Middle East.

Chart 33: Traffic between Africa and its top 10 destinations, % YoY



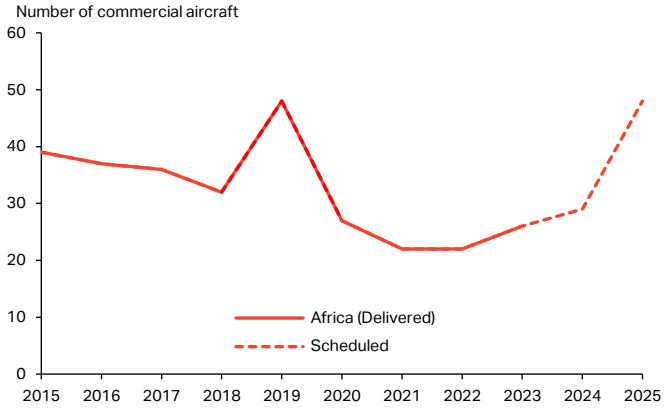
Source: IATA Sustainability and Economics, based on data from DDS

Chart 34: Africa, Q3 travels purchased during Q2 by market of destination, % YoY



Source: IATA Sustainability and Economics, based on data from DDS

Chart 35: Africa, aircraft deliveries, 2015-2023 (delivered), 2024-2025 (scheduled)



Source: IATA Sustainability and Economics using Cirium

	Share of total, % [1]	Q2 2024, % YoY					
		RPK	ASK	CTK	ACTK	PLF	CLF
TOTAL MARKET	***100***	**10.1**	**8.8**	**13.5**	**7.6**	**83.5**	**44.8**
Africa	*2.1*	14.9	8.3	14.5	21.4	74.5	42.0

[1] Percent of industry RPK in 2023

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 regional traffic.

4.2. Americas

- The Americas air passenger markets continued the upward trend in all route areas in Q2 (Chart 36). The route area between Europe and North America, which reports the highest traffic levels connected to the Americas, grew by roughly 6% YoY in both Q1 and Q2. The second largest route area, between Asia and North America, saw a 21.1% YoY increase in Q1, following 29.3% YoY growth in Q1. Air passenger traffic within South America posted the largest annual improvement in Q2, with 26.9% YoY, as Mexico, Brazil, Colombia, and Ecuador continue to strengthen intraregional routes.

- The North America-Asia route area continued to register the highest air cargo traffic volume and marked 11% YoY growth in CTK in Q2, following a solid 9% YoY growth in Q1. Flights between Europe and North America, which carry the second largest air cargo volume, registered 7% growth YoY. Meanwhile, air cargo traffic within Central America, within South America, and between Central and South America all surged by more than 20% YoY (Chart 37).

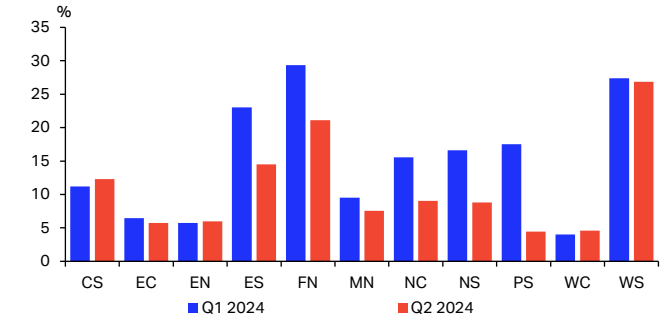
- Traffic between North America and Asia Pacific increased markedly in Q2 2024. Passenger traffic from North America to China grew by 81% YoY, followed by Japan at 35% YoY. This materializes the long-awaited rehabilitation of the North America-to- Asia Pacific route after China's late reopening (Chart 38). Traffic to Costa Rica and the Dominican Republic has also grown by more than 10% compared to the year before, benefiting from the strong US dollar.

- Latin America's top travel destinations are primarily divided between European and North American countries (Chart 39). European countries account for seven of the top 10 destinations, underscoring their importance to the region. Passenger traffic from Latin America to Italy and Spain saw significant growth in Q2, with YoY increases of 20% and 18%, respectively. Traffic to the US also grew substantially, with a 16% YoY increase, followed by Mexico with 11% and Canada with 10%, further strengthening the traffic flows within the Americas.

- As traffic has gained momentum in 2024, Chile and Peru can expect a 16% rise in air passenger demand in Q3, YoY. In contrast, Colombia, and Ecuador are likely to decelerate from a high 2023 base, with decreases of 13% and 5%, respectively. Argentina's air passenger traffic is also expected to drop by 8% from last year because of the country's difficult economic situation (Chart 40).

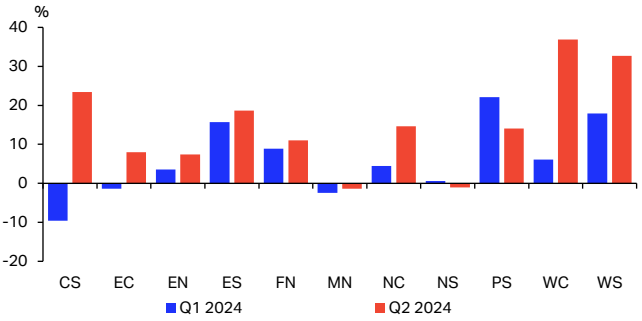
- Carriers in the US and Canada - two of the world's largest markets - will likely require more aircraft to meet operational needs going forward. This is already reflected in the 377 aircraft scheduled for delivery in 2024, and another 476 are scheduled for delivery in 2025 (Chart 41). Latin American carries are closer to their optimal fleet levels and orders are trending down, from 107 aircraft are expected in 2024 to 92 deliveries in 2025.

Chart 36: Americas, international air passenger traffic growth by route area, % YoY



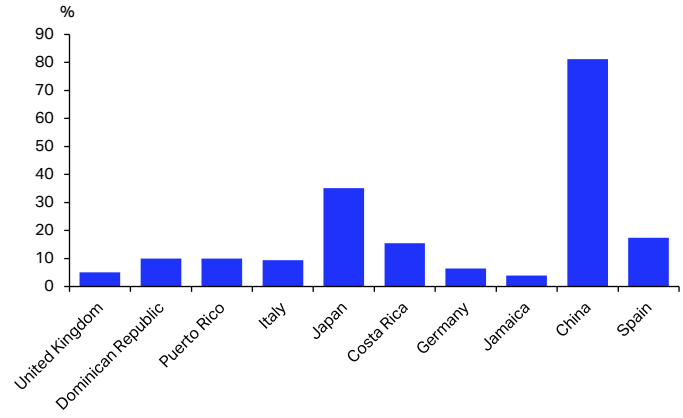
Source: IATA Sustainability and Economics
Notes: CS = Central America / Caribbean and South America; EC = Europe and Central America / Caribbean; EN = Europe and North America; ES = Europe and South America; FN = Far East and North America; MN = Middle East and North America; NC = North America and Central America / Caribbean; NS = North America and South America; PS = North / South America and Southwest Pacific; WC = Within Central America; WS = Within South America.

Chart 37: Americas, international air cargo traffic by route area, % YoY



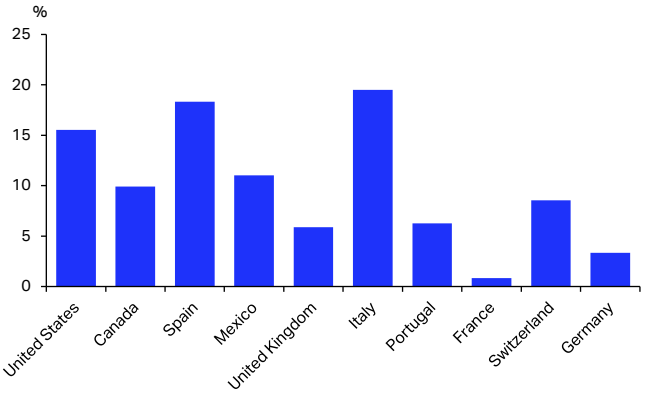
Source: IATA Sustainability and Economics
Notes: CS = Central America / Caribbean and South America; EC = Europe and Central America / Caribbean; EN = Europe and North America; ES = Europe and South America; FN = Far East and North America; MN = Middle East and North America; NC = North America and Central America / Caribbean; NS = North America and South America; PS = North / South America and Southwest Pacific; WC = Within Central America; WS = Within South America.

Chart 38: Traffic between North America and its top 10 destinations, % YoY



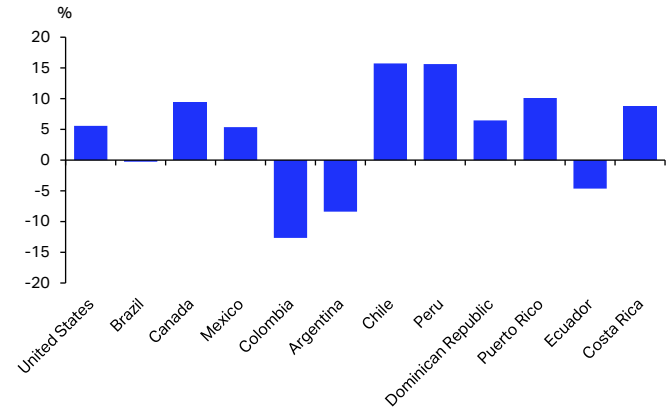
Source: IATA Sustainability and Economics, based on data from DDS

Chart 39: Traffic between Latin America and its top 10 destinations, % YoY



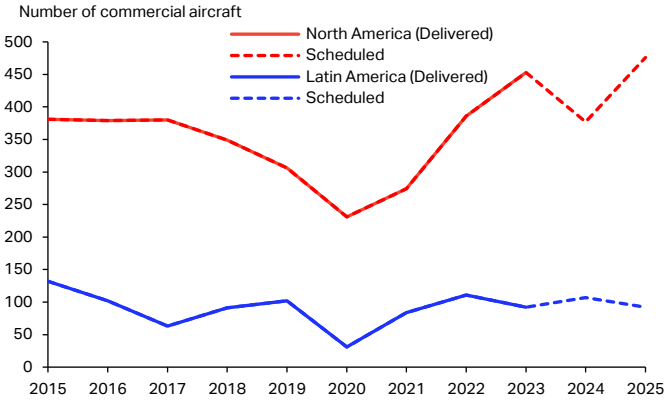
Source: IATA Sustainability and Economics, based on data from DDS

Chart 40: Americas, Q3 travels purchased during Q2 by market of destination, % YoY



Source: IATA Sustainability and Economics, based on data from DDS

Chart 41: Americas, aircraft deliveries, 2015-2023 (delivered), 2024-2025 (scheduled)



Source: IATA Sustainability and Economics using Cirium

	Share of total, % [1]	Q2 2024, % *YoY*					
		RPK	ASK	CTK	ACTK	PLF	CLF
TOTAL MARKET	***100***	**10.1**	**8.8**	**13.5**	**7.6**	**83.5**	**44.8**
North America	*24.2*	5.0	7.0	8.5	4.1	85.3	39.4
Latin America	*5.5*	8.3	6.5	11.8	10.9	83.2	35.9

[1] Percent of industry RPK in 2023

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 regional traffic.

4.3. Asia Pacific

- Airlines in the Asia Pacific region continued to see stellar traffic growth in Q2 2024, with RPK increasing 14.8% YoY, significantly higher than the global average of 10.1% YoY (Chart 42). The removal of visa requirements for travelers from key markets including China and India boosted traffic demand. This is reflected in a robust Q2 performance on several key routes, with annual increases of 46% between Africa and Asia, 34% within Asia, and 29% between Asia and Europe. However, growth decelerated in Q2 compared to Q1 on all key routes. This includes traffic between the Southwest Pacific and the Americas, which slowed to a mere 4% annual growth in Q2 2024, down from 18% in Q1 and the lowest figure among route areas out of Asia Pacific.

- Air cargo traffic (CTK) for Asia Pacific airlines grew by 16.3% YoY in Q2 2024, surpassing the global average of 13.5%. Routes between Asia and North America grew by 11% YoY, and those between Asia and Europe by 19%, and these are the largest two air cargo route areas in the region (Chart 43). The region's expansion was further supported by routes between Africa and Asia, up 35% YoY, and between Asia and the Pacific, which gained 29% YoY. Strong exports out of major markets such as China, Japan, the Republic of Korea, and Vietnam continued to underpin the growth in CTK of the airlines in the region.

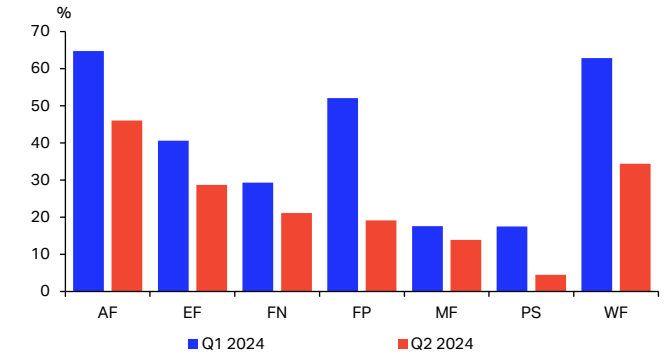
- North America, Europe, and the Middle East have been important markets for the Asia Pacific region (Chart 44). Specifically, traffic between Asia Pacific and Italy grew by 27% YoY in Q2 2024, while traffic between Asia Pacific and Türkiye increased by 33% during the same period. This growth is largely driven by traffic from China, whose traffic to Europe nearly doubled YoY in Q2. Traffic between Japan and Europe also contributed significantly. In contrast, traffic to the US, the largest destination from the Asia Pacific region, registered a modest 16% YoY increase.

- Most of the international air traffic from China continued to be concentrated within the Asia Pacific region, followed by flights to and from Europe. Traffic from China to North America region has struggled. Notably, North America is the only region where flights from China are less than half of their 2019 levels (Chart 45). On the other hand, the Middle East has become the first and only region whose flights to China exceed 2019 levels, highlighting its enhanced role in connecting Europe and Asia because of Russia's airspace restrictions.

- Travel demand is expected to remain strong for the next quarter (Chart 46). Tickets sold for flights to Japan in Q3 increased a stunning 21% YoY, as the weak Japanese yen boosts the country's appeal to foreign tourists. Thailand recently expanded its visa-free entry to people from 93 countries and territories, up from 57, and expects a 28% YoY increase in air passenger traffic. Korea, India, and Chinese Taipei are also likely to see YoY increases of over 10% during the summer. In contrast, the Philippines is the only country in the region where Q3 ticket sales are declining.

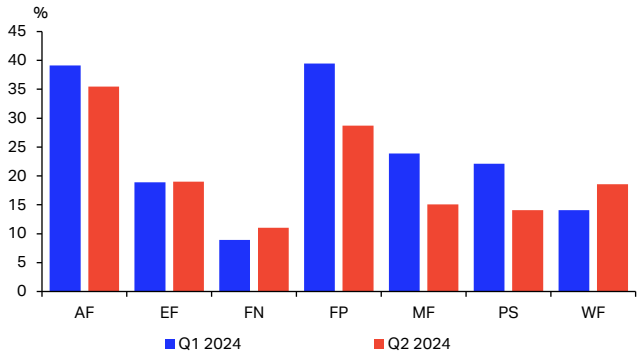
- The strong performance of the Asia-Pacific region is reflected in aircraft orders, with 568 commercial aircraft scheduled for delivery in 2025, up from 301 deliveries in 2024 (Chart 47).

Chart 42: Asia Pacific, international air passenger traffic by route area, % YoY



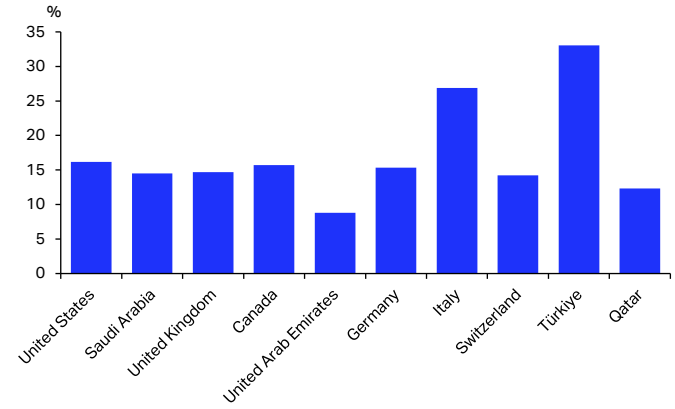
Source: IATA Sustainability and Economics
Notes: AF = Africa and Far East; EF = Europe and Far East; FN = Far East and North America; FP = Far East and Southwest Pacific; MF = Middle East and Far East; PS = North / South America and Southwest Pacific; WF = Within Far East.

Chart 43: Asia Pacific, international air cargo traffic by route area, % YoY



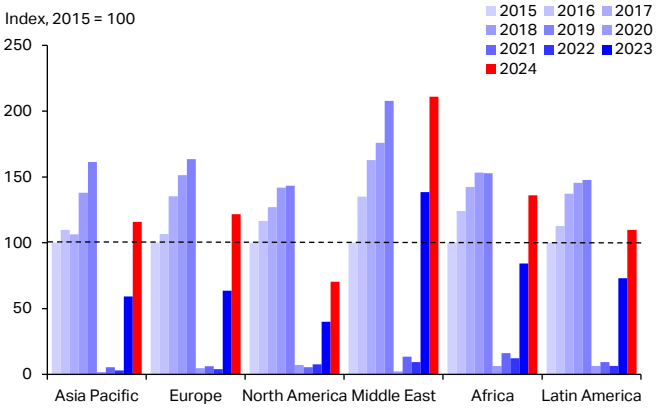
Source: IATA Sustainability and Economics
Notes: AF = Africa and Far East; EF = Europe and Far East; FN = Far East and North America; FP = Far East and Southwest Pacific; MF = Middle East and Far East; PS = North / South America and Southwest Pacific; WF = Within Far East.

Chart 44: Traffic between Asia Pacific and its top 10 destinations, % YoY



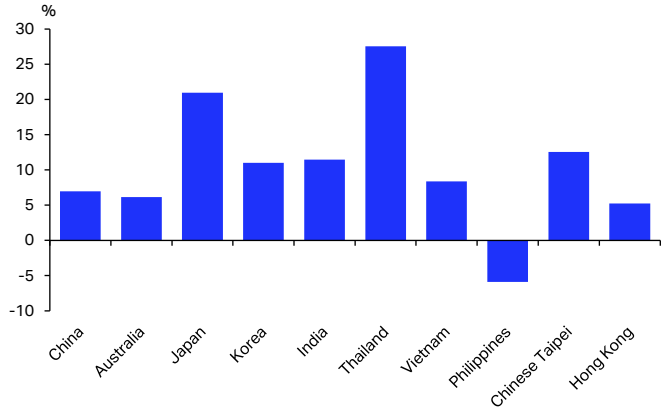
Source: IATA Sustainability and Economics, based on data from DDS

Chart 45: China, air passengers to and from other regions, Q2 each year, index



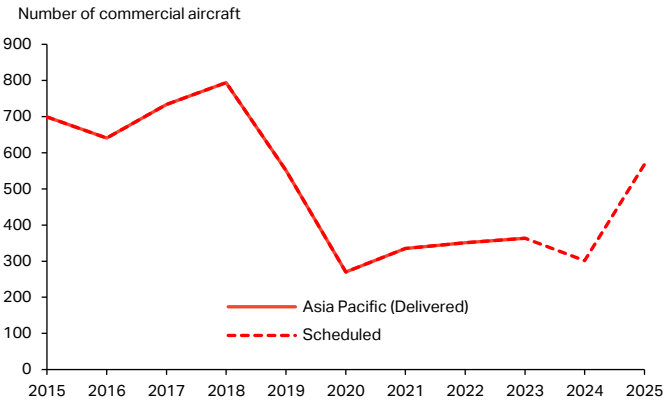
Source: IATA Sustainability and Economics, based on data from DDS

Chart 46: Asia Pacific, Q3 travels purchased during Q2 by market of destination, % YoY



Source: IATA Sustainability and Economics, based on data from DDS

Chart 47: Asia Pacific, aircraft deliveries, 2015-2023 (delivered), 2024-2025 (scheduled)



Source: IATA Sustainability and Economics using Cirium

	Share of total, % [1]	Q2 2024, % YoY					
		RPK	ASK	CTK	ACTK	PLF	CLF
TOTAL MARKET	***100***	**10.1**	**8.8**	**13.5**	**7.6**	**83.5**	**44.8**
Asia Pacific	*31.7*	14.8	10.0	16.3	9.2	82.4	46.3

[1] Percent of industry RPK in 2023

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 regional traffic.

4.4. Europe

- European airlines' RPK grew by 9.2% YoY in Q2, slightly below the global average. Within Europe, the most important route area involving the region, traffic grew by 10% in Q2, down from 13% in Q1, and still confirming robust intra-European travel demand (Chart 48). Routes between Europe and North America, another large market, gained 6% YoY in Q2, unchanged from Q1. Europe-Asia saw the highest growth in Q2 at 29% after an extraordinary surge of 41% in Q1.

- Seat capacity of European airlines increased by 9.2% YoY in Q2, and thus perfectly balanced with respect to demand. This allowed the region to post the highest PLF among all regions at 85%. This is two percentage points higher than the global average. The route with the highest PLF was between Europe and the Americas, and within Europe, all above 85% (Chart 49). Notably, the average PLF on the route between Europe and North America jumped an impressive seven percentage points from Q1 to 86%. Routes between Europe and Asia as well as between Europe and the Middle East saw their PLFs decline from Q1, but still exceed 80%.

- European airlines carried 15.8% more CTK than in Q2 2023, which pushed the cargo load factor to 52%, the highest among all regions and over six percentage points higher than the global average. The traditionally important route area between Europe and Asia remained busy and maintained its growth rate of 19% YoY from Q1 also in Q2 (Chart 50). Air cargo between Europe and the Middle East gained 32% YoY in Q2, following an outstanding 41% increase in Q1.

- North America remains a top destination for Europeans, with traffic increasing by 10% and 13% YoY from Europe to the US and Canada, respectively, in Q2 (Chart 51). Traffic to Asia is also a significant component of international travel from Europe. The route to China has surged an eye watering 91% YoY and Japan too has seen impressive expansion at 41%. In the Middle East, Saudi Arabia benefited from a 50% increase in passenger traffic from Europe, while the United Arab Emirates recorded healthy but more modest 12% YoY increase. In contrast, Israel, once a key destination, experienced a sharp 21% decline in traffic from Europe in Q2, impacted by the war in Gaza.

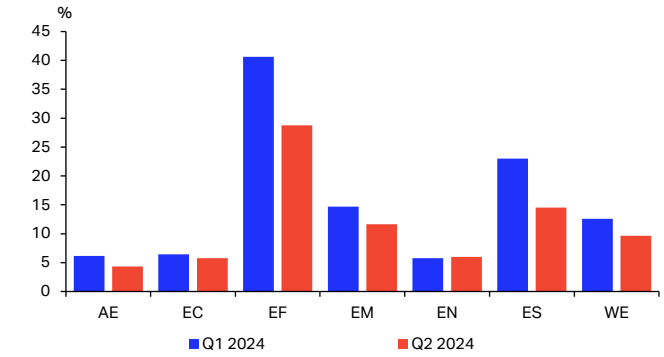
- Most European countries can expect growth in incoming traffic this summer, as indicated by forward booking data (Chart 52). The UK, Europe's largest destination, is expected to see a moderate increase of 4% YoY in Q3 2024.

- In Western Europe, France is the only country where summer traffic is expected to fall from last year. This suggests an unexpected negative impact of the Olympics on tourism, as many opted to avoid the anticipated crowds and disruptions associated with the event. Türkiye might also see a decline, with Q3 travel projected to fall by 13% YoY, cooling from last year's exceptionally strong performance.

- Southern Europe, including Italy, Spain, and Greece, continues to attract strong tourist inflows during the summer, with each country likely benefiting from more than 7% YoY growth in traffic. Northern Europe, including Norway, Ireland, and Sweden, should see gains of around 5% YoY. Notably, Iceland could see a surge of 30% in travelers in Q3. Iceland is obviously growing rapidly as a tourist destination, but its market size is less than one-tenth of Italy's.

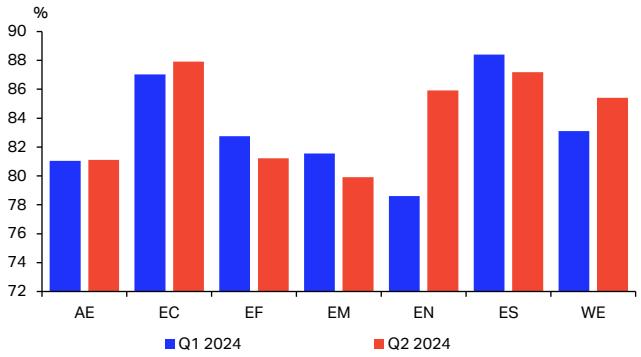
- European airlines have been increasing their aircraft orders since 2021 (Chart 53). Following 368 aircraft scheduled in 2024, an additional 434 are planned for 2025.

Chart 48: Europe, international air passenger traffic by route area, % YoY



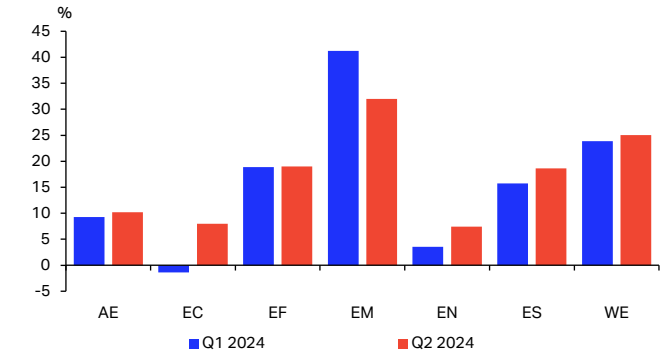
Source: IATA Sustainability and Economics
Note: AE = Africa and Europe; EC = Europe and Central America / Caribbean; EF = Europe and Far East; EM = Europe and Middle East; EN = Europe and North America; ES = Europe and South America; WE = Within Europe.

Chart 49: Europe, air passenger load factor by route area, share of ASK, %



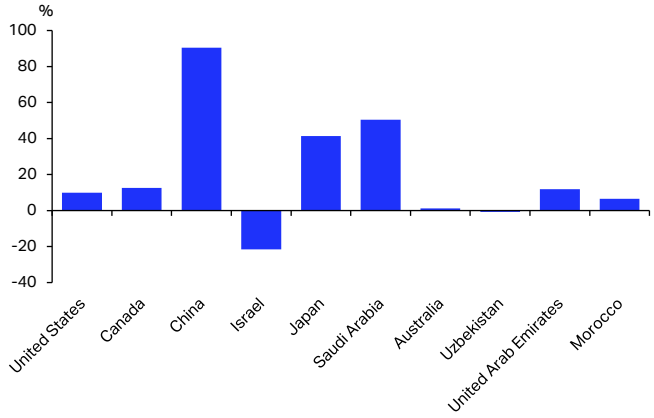
Source: IATA Sustainability and Economics
Note: AE = Africa and Europe; EC = Europe and Central America / Caribbean; EF = Europe and Far East; EM = Europe and Middle East; EN = Europe and North America; ES = Europe and South America; WE = Within Europe.

Chart 50: Europe, international air cargo traffic by route area, % YoY



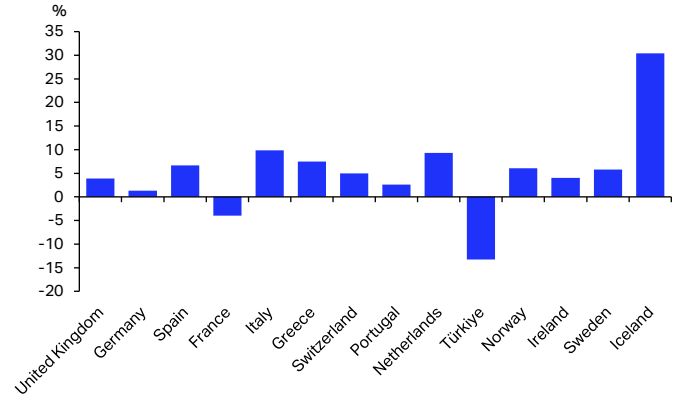
Source: IATA Sustainability and Economics
Note: AE = Africa and Europe; EC = Europe and Central America / Caribbean; EF = Europe and Far East; EM = Europe and Middle East; EN = Europe and North America; ES = Europe and South America; WE = Within Europe.

Chart 51: Traffic between Europe and its top 10 destinations, % YoY



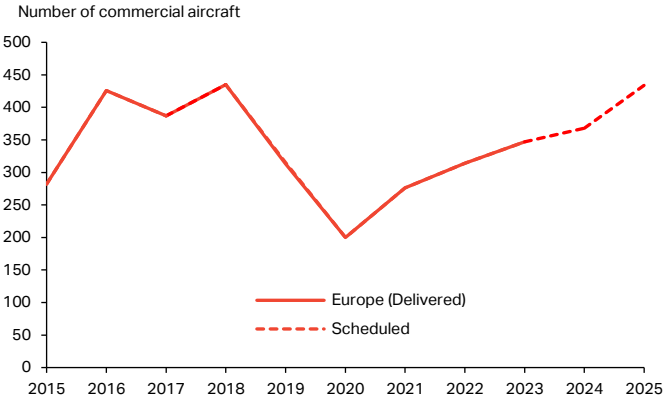
Source: IATA Sustainability and Economics, based on data from DDS

Chart 52: Europe, Q3 travels purchased during Q2 by market of destination, % YoY



Source: IATA Sustainability and Economics, based on data from DDS

Chart 53: Europe, aircraft deliveries, 2015-2023 (delivered), 2024-2025 (scheduled)



Source: IATA Sustainability and Economics using Cirium

	Share of total, % [1]	Q2 2024, %					
		YoY					
		RPK	ASK	CTK	ACTK	PLF	CLF
TOTAL MARKET	***100***	**10.1**	**8.8**	**13.5**	**7.6**	**83.5**	**44.8**
Europe	*27.1*	9.2	9.2	15.8	10.3	85.5	51.6

[1] Percent of industry RPK in 2023

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 regional traffic.

4.5. Middle East

- Middle East airlines carried 11.4% more air passenger traffic in Q2 2024 than in 2023, slightly outpacing the global average of 10.1% (Chart 54). The busiest route area, Middle East-Asia, grew the fastest at 14% YoY. This was followed by routes between Europe and the Middle East, at 12% YoY. Routes between Africa and the Middle East saw an increase of 11% YoY, while Middle East-North America expanded by 8%. These healthy numbers were nevertheless all lower in Q2 YoY than in Q1.

- With a 9.4% growth in capacity as measured in ASK, Middle East airlines registered a PLF of 80%, slightly below the global average. Flights between the Middle East and North America recorded a PLF as high as 86% in Q2, up one percentage point from the Q1 figure (Chart 55). This was followed by the Middle East-Asia route area, which recorded an average PLF of 82% in Q2, and by Middle East-Europe, at 80%. Flights between Africa and the Middle East lagged the other route areas with an average PLF of 75%.

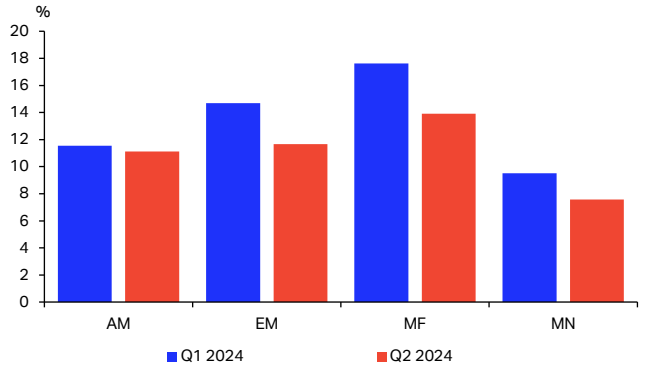
- Air cargo traffic carried by Middle Eastern airlines grew by 13.2% YoY, significantly higher than the equivalent 4.9% increase in capacity. This resulted in an improvement in the regional CLF to 46% in Q2, just above the global 45% average. Demand growth among route areas was uneven, with the busiest two routes, Middle East to Asia and Middle East to Europe, adding15% and 32%, respectively, both below the growth rates seen in Q1 (Chart 56). Meanwhile, traffic between the Middle East and Africa remained roughly unchanged. CTK registered on the Middle East-North America trade lane continued to fall YoY in Q2.

- Almost all top destinations from the Middle East posted gains in Q2 (Chart 57). Air passenger traffic from the Middle East to China grew 65% YoY, followed by a 33% increase to Egypt. Passenger traffic to the UK, Türkiye, the Philippines, and India all added more than 10%. In contrast, passenger traffic to Pakistan, the US, Germany, and Canada remained largely unchanged compared to the year prior.

- However, war is deterring many potential visitors. Looking ahead, most Middle East destinations can anticipate a contraction in air passenger traffic in Q3 based on Q2 air ticket sales (Chart 58). For example, traffic to Lebanon is expected to drop by 27%, while traffic to Israel, Qatar, Kuwait, and Oman is projected to decline between 10% and 15%. The United Arab Emirates and Bahrain should see a 4% decline compared to last year. Meanwhile, Saudi Arabia will likely grow by 10% and remain the largest air traffic destination in the region. Iran too could expand by12% in Q3, though it continues to struggle to return to 2019 levels.

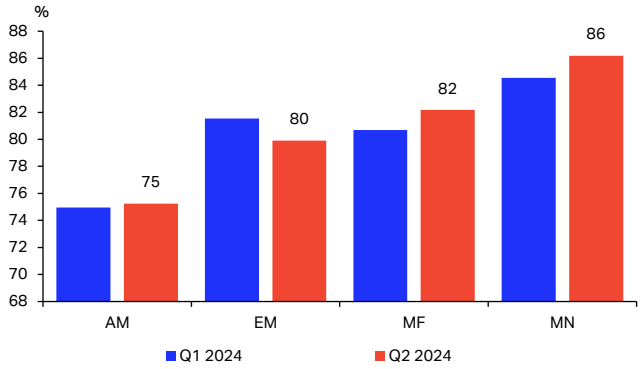
- Despite these challenges, Middle Eastern airlines are showing confidence in the industry's future by expanding their fleets over the next two years (Chart 59). Following the successful delivery of 96 aircraft in 2023, 58 are scheduled for 2024, and 129 new aircraft are set to join the fleet in 2025.

Chart 54: Middle East, international air passenger traffic by route area, % YoY



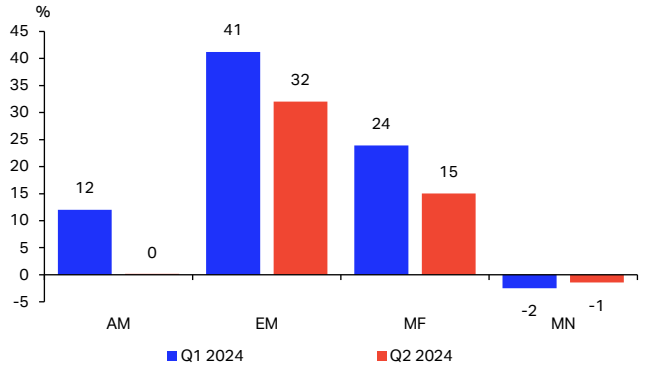
Source: IATA Sustainability and Economics
Notes: AM = Africa and Middle East; EM = Europe and Middle East; MF = Middle East and Far East; MN = Middle East and North America.

Chart 55: Middle East, air passenger load factor by route area, share of ASK, %



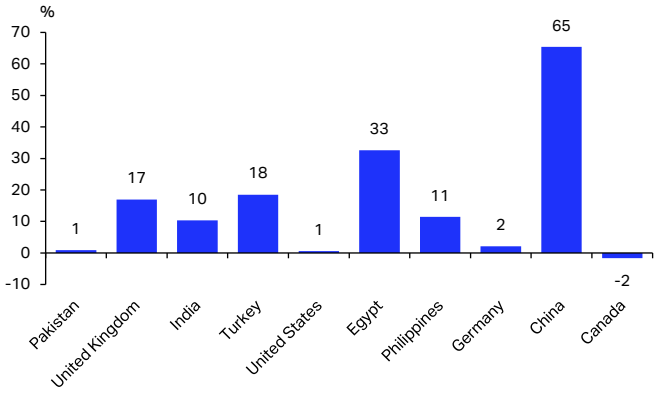
Source: IATA Sustainability and Economics
Note: AM = Africa and Middle East; EM = Europe and Middle East; MF = Middle East and Far East; MN = Middle East and North America.

Chart 56: Middle East, international air cargo traffic by route area, % YoY



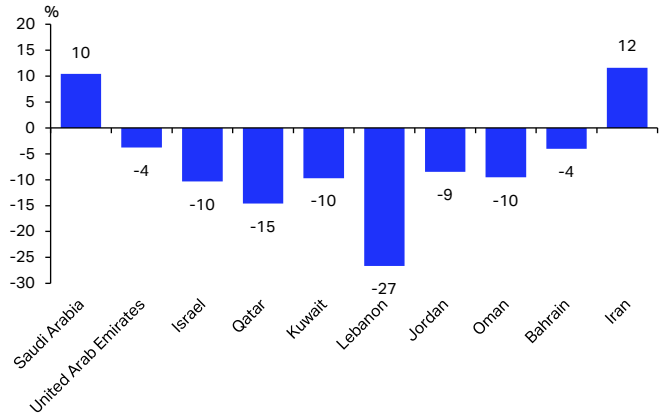
Source: IATA Sustainability and Economics
Note: AM = Africa and Middle East; EM = Europe and Middle East; MF = Middle East and Far East; MN = Middle East and North America.

Chart 57: Traffic between the Middle East and its top 10 destinations, % YoY



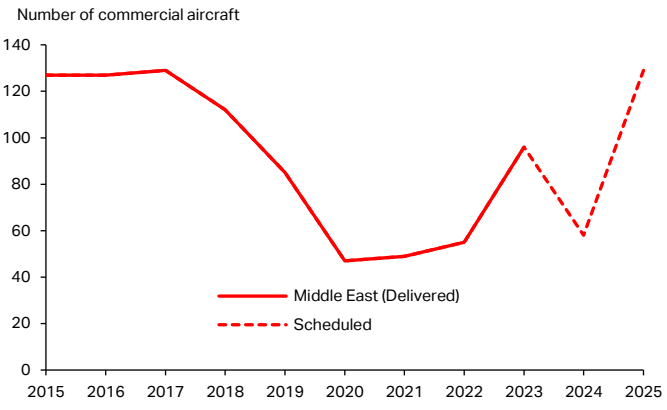
Source: IATA Sustainability and Economics, based on data from DDS

Chart 58: Middle East, Q3 travels purchased during Q2 by market of destination, % YoY



Source: IATA Sustainability and Economics, based on data from DDS

Chart 59: Middle East, aircraft deliveries, 2015-2023 (delivered), 2024-2025 (scheduled)



Source: IATA Sustainability and Economics using Cirium

	Share of total, % [1]	Q2 2024, % *YoY*					
		RPK	ASK	CTK	ACTK	PLF	CLF
TOTAL MARKET	***100***	**10.1**	**8.8**	**13.5**	**7.6**	**83.5**	**44.8**
Middle East	*9.4*	11.4	9.4	13.2	4.9	79.9	46.3

[1] Percent of industry RPK in 2023

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 regional traffic.

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