Air Passenger Market Analysis

October 2022

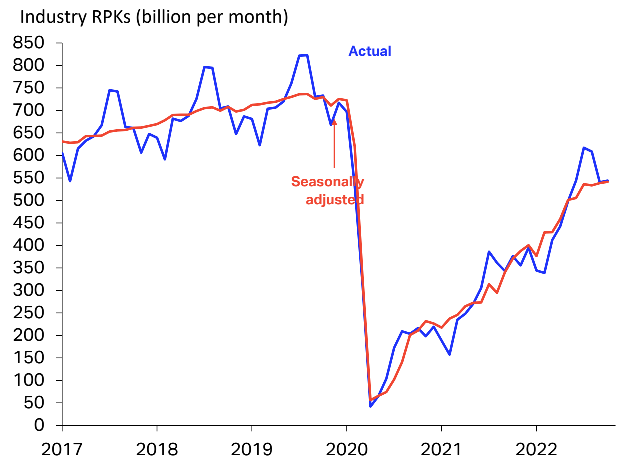
Global traffic levels stable in October

- In October, industry-wide RPKs increased by 44.6% year-on-year (YoY), reaching 74.2% of pre-pandemic levels.
- Total Domestic traffic decreased slightly by 0.8% this month, standing at 77.9% compared to the same month in 2019. The stringent travel policy in China P.R. continues to dampen the global figures. Other major markets continue to see a sustained recovery.
- International passenger traffic more than doubled from last October, achieving 72.1% of October 2019 levels. Major international routes continue to track near pre-pandemic traffic levels. Within Asia, international traffic has experienced substantial growth over the last months, standing at 69.2% of October 2019 levels.
- Industry-wide seat capacity, measured in available-seat kilometers (ASKs), contracted by 0.3% month-on-month (MoM) in seasonally adjusted terms. Different outcomes are observed at the regional level.
- Forward bookings increased to around 75% of pre-pandemic levels for international travel, following the re-openings announced by multiple Asian economies. Domestic bookings remain at around 70% of pre-pandemic level. These recent developments give a positive outlook with resilient domestic travel and further recovery underway for international traffic worldwide ahead of the holiday season.

Global traffic levels stable in October

Industry-wide revenue passenger-kilometers (RPKs) grew by 44.6% YoY in October. Global passenger traffic is now at 74.2% of 2019 levels (**Chart 1**), a 1 percentage point (ppt) increase from September. Recovery remained strong after the peak season of July and August, and the momentum extended to October. Since June, global RPKs have grown on average 1.7% per month in seasonally adjusted terms.

Chart 1: Global air passengers, RPK billion

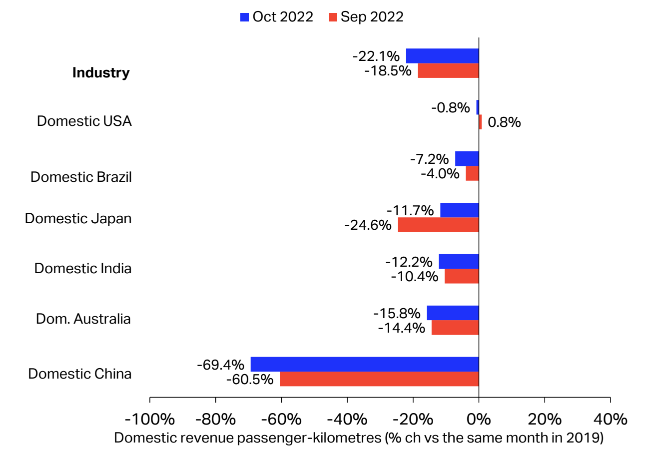


Sources: IATA Economics, IATA Monthly Statistics

Global passenger load factors (PLF) were broadly unchanged in October versus the month prior. International traffic achieved an 82.1% passenger load factor and on the domestic side it reached 81.9% in October.

Diverging outcomes among major markets, decline deepens in China P.R.

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



Sources: IATA Economics, IATA Monthly Statistics

In October, total domestic RPKs dropped 0.8% YoY and ASKs contracted by 7.4%. Domestic traffic stood at 77.9% of the October 2019 level (**Chart 2**), 3.6 ppts lower than in September. This decrease in recovery rates is mainly due to the tight COVID restrictions in

Air passenger market overview - October 2022

	World share [1]	October 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%***	**44.6%**	**23.9%**	**11.8%**	**82.0%**	**70.3%**	**43.4%**	**12.3%**	**78.2%**
International	*37.7%*	102.4%	57.1%	18.4%	82.1%	177.0%	95.4%	22.9%	77.9%
Domestic	*62.3%*	-0.8%	-7.4%	5.5%	81.9%	12.2%	5.4%	4.8%	78.7%

[1]% of industry RPKs in 2021 [2]Year-on-year change in load factor [3]Load factor level

China, which domestic traffic dropped to only 30.6% of the pre-pandemic level, down 8.9 ppts from September.

Domestic traffic in the US continues to be resilient and the best-performing market among monitored countries. The positive trend has been sustained over the past months with traffic levels close to those achieved in 2019.

In Brazil, domestic RPKs were up 9.7% YoY and now stand only 7.2% below pre-pandemic levels.

In India, domestic RPKs increased by 22.7% YoY and ASKs by 16.0%. As a result, October RPK's are now only 12.2% short of the 2019 level.

The domestic market in Japan rebounded strongly following the significant easing of COVID-related travel restrictions. Passenger traffic increased 77.4% YoY, and load factors continued to rise at a monthly rate of 5.6% on average since the beginning of this year.

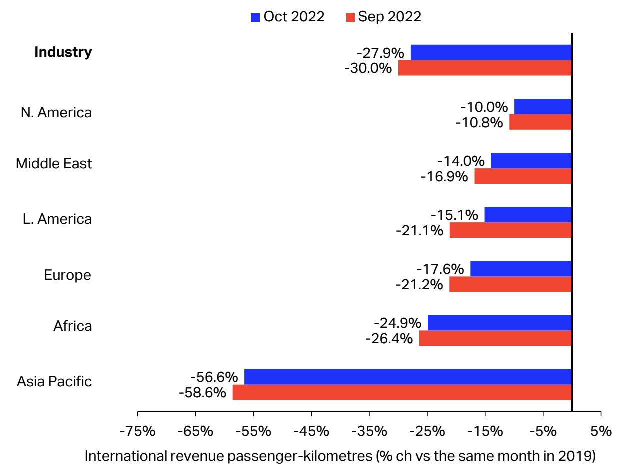
Australia almost tripled its domestic traffic from last year, and now stands 15.8% below pre-pandemic levels – a 1.2 ppts additional recovery from September. This market shows a strong positive trend in seasonally adjusted terms, recording a 11.1% average growth since July 2021 compared to 2019 levels.

Insufficient data do not allow us to report on market developments for domestic Russia.

Worldwide international traffic recovery continues

In October 2022, global International RPKs more than doubled from October 2019, falling short of the latter by 27.9% and continuing the upward trend observed this year (**Chart 3**). All regions achieved further traffic growth in October 2022, bringing them closer to full recovery (**Chart 3**).

Chart 3: International RPK growth (airline region of registration basis), YoY% change versus 2019

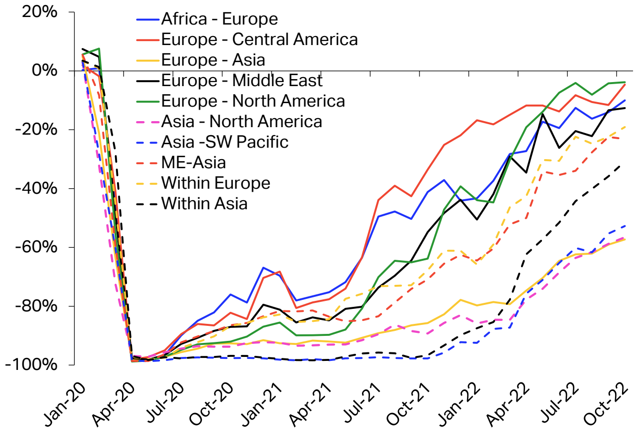


Sources: IATA Economics, IATA Monthly Statistics

The strongest YoY growth rates in international travel were recorded in Asia Pacific which region gained a stunning 440% though from a very low base. . Seasonally adjusted data show an acceleration in the recovery, following the easing of travel restriction by several economies in the region. Nevertheless, the region still lags in the global recovery. In October 2022, international RPKs were 56.2% below the October 2019 level, a modest 2 ppts improvement from September.

Thanks to the lifting of travel restrictions, international passenger traffic within the region climbed to 69.8% of pre-pandemic levels by the end of October (**Chart 4)**.

Chart 4: International RPKs, YoY% change versus 2019 – Top 10 route areas in 2019, ranked by performed traffic volume



Source: IATA Statistics

In Europe, international RPKs grew by 60.8% from October 2019, putting them 17.6% below that level. International traffic within the region has also continued to grow and now stands at 80.9% of the October 2019 level.

Latin America showed an increase in international RPKs of 85.3% YoY – a gain of 7 ppts to 84.9% of pre-pandemic levels in October. International ASKs rose by 66.6% YoY, to 19.9% below pre-pandemic levels (**Chart 4**).

North America gained 106.8% YoY in international RPKs in October, reaching 90.0% of pre-crisis levels, This market continues to lead the recovery in international markets (**Chart 3**).

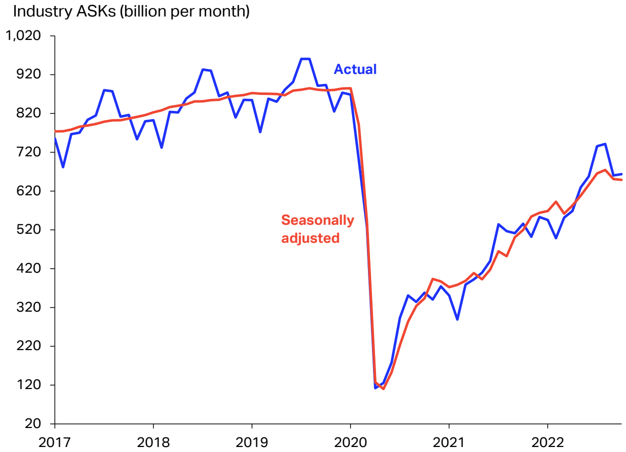
Middle Eastern carriers recorded growth in international traffic of 114.7% YoY in October, which strong result has brought passenger traffic and seat capacity to 15.1% and 20.3% below pre-COVID levels respectively.

For African carriers, international RPKs grew by 84.5% YoY, bringing the level to 24.9% short of October 2019 figures.

Slight decline in seat capacity, uneven developments at the regional level

In seasonally adjusted terms, industry-wide ASKs declined 0.3% MoM. This slight decrease is driven by a loss of seat capacity in Asia Pacific, especially in China P.R. In other regions, seat capacity increased from September.

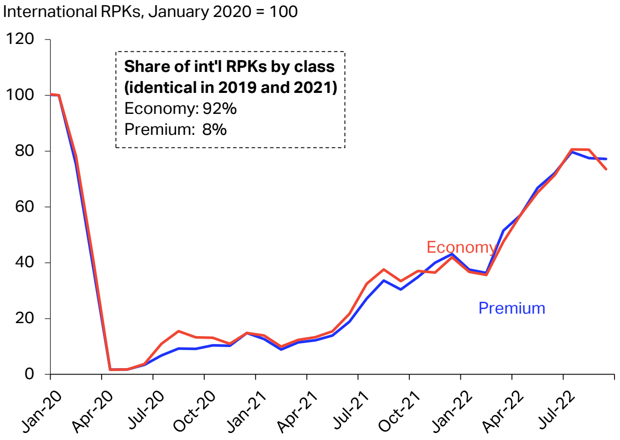
Chart 5: Global seat capacity, Available-seat Kilometers (ASKs) billions



Sources: IATA Economics, IATA Monthly Statistics

Aligned recovery for Premium and Economy

Recovery trends for traffic in the Premium and Economy cabin classes remain broadly aligned. Economy class RPKs – which include premium economy (and accounts for 92% of total RPKs) – reached 77.2% of their January 2020 level in July 2022. Premium RPKs – which capture travel in first and business class cabins – fared nearly as well at 73.5% of the January 2020 level (**Chart 6**). **Chart 6:** International RPKs by cabin class

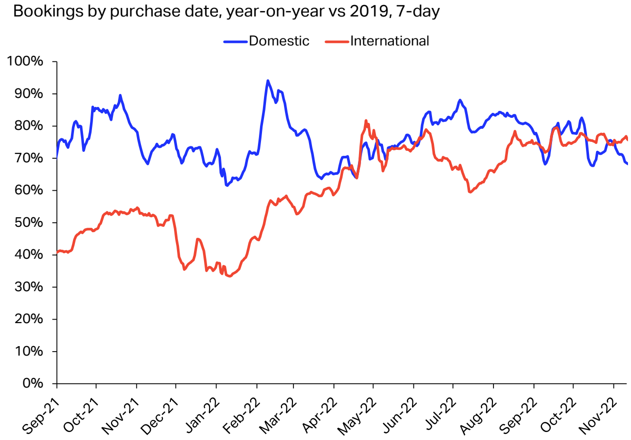


Source: IATA Monthly Statistics

International bookings catching up with domestic

Over the past year, domestic RPKs and forward bookings have followed a sideways trend. International forward bookings on the other hand have caught up with domestic bookings (**Chart 7**). The most recent data from October and early November show bookings remaining stable as we enter the Northern Hemisphere's winter.

Chart 7: Passenger ticket sales, Domestic and International, YoY% versus 2019



Source: IATA Economics, DDS

Air passenger market in detail - October 2022

	World share[1]	October 2022 (% year-on-year) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]	% year-to-date RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**44.6%**	**23.9%**	**11.8%**	**82.0%**	**70.3%**	**43.4%**	**12.3%**	**78.2%**
Africa	*1.9%*	81.1%	48.0%	13.3%	72.6%	81.2%	49.3%	12.5%	71.2%
Asia Pacific	*27.5%*	36.8%	13.9%	12.7%	75.5%	27.5%	13.6%	7.7%	70.4%
Europe	*25.0%*	48.7%	28.1%	11.8%	84.8%	117.8%	79.0%	14.4%	80.7%
Latin America	*6.5%*	40.0%	36.2%	2.3%	83.3%	74.3%	62.8%	5.4%	81.4%
Middle East	*6.6%*	106.5%	51.1%	21.2%	79.1%	171.6%	75.0%	26.5%	74.6%
North America	*32.6%*	31.2%	16.3%	9.8%	86.4%	52.8%	32.4%	11.1%	83.6%
International	***37.7%***	**102.4%**	**57.1%**	**18.4%**	**82.1%**	**177.0%**	**95.4%**	**22.9%**	**77.9%**
Africa	*1.5%*	84.5%	46.9%	14.5%	71.3%	85.0%	48.1%	14.1%	70.4%
Asia Pacific	*3.1%*	440.4%	165.6%	39.5%	77.7%	377.7%	123.6%	38.2%	71.9%
Europe	*18.7%*	60.8%	34.7%	13.8%	84.8%	160.9%	101.1%	18.4%	80.1%
Latin America	*2.1%*	85.3%	66.6%	8.7%	86.0%	143.5%	105.9%	12.7%	82.5%
Middle East	*6.0%*	114.7%	55.7%	21.8%	79.5%	188.5%	83.1%	27.4%	75.0%
North America	*6.2%*	106.8%	54.1%	21.4%	83.8%	153.3%	80.3%	23.2%	80.6%
Domestic	***62.3%***	**-0.8%**	**-7.4%**	**5.5%**	**81.9%**	**12.2%**	**5.4%**	**4.8%**	**78.7%**
Dom. Australia[4]	*0.8%*	292.9%	143.2%	33.2%	87.2%	105.1%	62.9%	16.2%	78.7%
Domestic Brazil[4]	*1.9%*	9.7%	17.0%	-5.3%	78.9%	39.1%	40.1%	-0.6%	79.3%
Dom. China P.R.[4]	*17.8%*	-58.7%	-56.3%	-3.8%	65.2%	-40.9%	-35.5%	-6.0%	65.4%
Domestic India[4]	*2.0%*	22.7%	16.0%	4.5%	81.5%	77.3%	55.4%	9.8%	79.7%
Domestic Japan[4]	*1.1%*	77.4%	43.2%	13.9%	72.0%	92.7%	52.4%	12.4%	59.3%
Domestic US[4]	*25.6%*	12.1%	3.8%	6.5%	87.8%	28.4%	16.5%	7.9%	84.9%

[1]% of industry RPKs in 2021 [2]Year-on-year change in load factor [3]Load factor level

[4] 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 registrated; it should not be considered as regional traffic.

Air passenger market in detail - October 2022

	World share[1]	October 2022 (% ch vs the same month in 2019) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**-25.8%**	**-25.7%**	**-0.1%**	**82.0%**
Africa	*1.9%*	-21.1%	-23.9%	2.6%	72.6%
Asia Pacific	*27.5%*	-53.1%	-49.4%	-6.0%	75.5%
Europe	*25.0%*	-16.2%	-15.1%	-1.1%	84.8%
Latin America	*6.5%*	-6.9%	-8.9%	1.7%	83.3%
Middle East	*6.6%*	-13.8%	-20.0%	5.7%	79.1%
North America	*32.6%*	-3.8%	-6.8%	2.6%	86.4%
International	***37.7%***	**-27.9%**	**-28.6%**	**0.8%**	**82.1%**
Africa	*1.5%*	-24.9%	-27.1%	2.1%	71.3%
Asia Pacific	*3.1%*	-56.6%	-55.4%	-2.0%	77.7%
Europe	*18.7%*	-17.6%	-16.2%	-1.4%	84.8%
Latin America	*2.1%*	-15.1%	-19.9%	4.8%	86.0%
Middle East	*6.0%*	-14.0%	-20.3%	5.9%	79.5%
North America	*6.2%*	-10.0%	-11.5%	1.4%	83.8%
Domestic	***62.3%***	**-22.1%**	**-20.6%**	**-1.7%**	**81.9%**
Dom. Australia[4]	*0.8%*	-15.8%	-19.1%	3.5%	87.2%
Domestic Brazil[4]	*1.9%*	-7.2%	-1.2%	-5.1%	78.9%
Dom. China P.R.[4]	*17.8%*	-69.4%	-59.8%	-20.2%	65.2%
Domestic India[4]	*2.0%*	-12.2%	-9.9%	-2.1%	81.5%
Domestic Japan[4]	*1.1%*	-11.7%	-4.8%	-5.6%	72.0%
Domestic US[4]	*25.6%*	-0.8%	-4.2%	3.0%	87.8%

[1]% of industry RPKs in 2021 [2]Change in load factor vs same month in 2019 [3]Load factor level

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