Air Passenger Market Analysis

June 2023

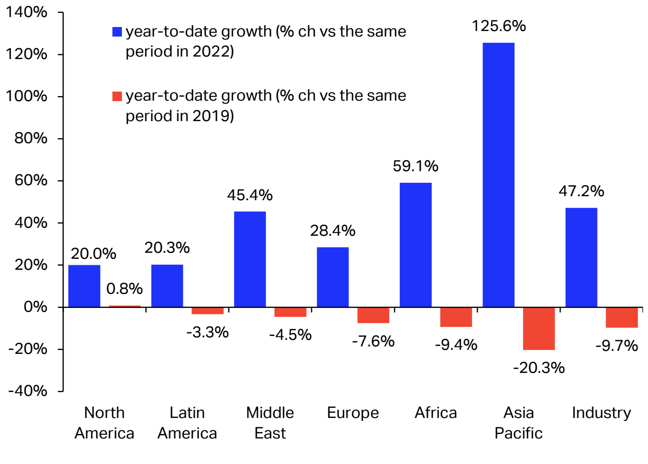
Strong first half of the year ends on a positive note for the industry

- In the first half of 2023, global revenue passenger-kilometers (RPKs) rose by 47.2% compared to the same period last year. The strong recovery trend persisted through June, as passenger traffic grew by 31.0% year-on-year (YoY), reaching 94.2% of pre-Covid levels.
- Domestic traffic increased 27.2% YoY in June, surpassing pre-pandemic RPKs by 5.1%. This result was driven by the robust performance of major domestic markets.
- While different regions experienced varying recovery patterns, total international RPKs grew 33.7% from June 2022 levels, maintaining the strong recovery seen this year. Notably, Asia Pacific carriers sustained their growth momentum, buoyed by the region's resilient air travel demand.

Global industry recovered significantly in H1 2023…

During the first half (H1) of 2023, all regions achieved strong passenger traffic growth and made significant progress towards restoring pre-pandemic traffic levels. Although recovery trends varied across regions, industry-wide RPKs grew 47.2% YoY and were only 9.7% below 2019 levels. (**Chart 1**).

Chart 1 – Revenue-passenger kilometer (RPK) growth by airline region of registration, YTD June 2023 (% ch)



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

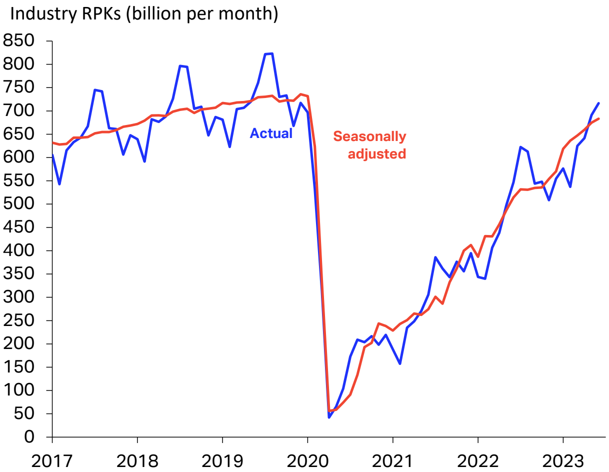
In H1 2023, Asia Pacific airlines saw a sharp recovery, as passenger traffic surged by 125.6% compared to 2022 levels. This recovery was driven by the reopening of China, the largest passenger market in the region, and the steady restoration of international travel in the region over the past year. RPKs for the Asia Pacific airlines jumped from 35.1% of 2019 levels in H1 2022 to 79.7% in H1 2023.

North American carriers, being among the first airlines to resume operations, led the way in terms of recovery. With an additional 20.0% growth over 2022 levels in the first six months of the year, their RPKs outperformed pre-pandemic traffic by 0.8%. While other regions also experienced notable traffic recovery year-to-date (YTD) through June, the pace of growth moderated across all regions as RPKs approached their 2019 levels.

…with the positive momentum maintained in June

In June, industry-wide RPKs grew by 31.0% YoY, while available seat-kilometers (ASKs) rose by 28.8%. On a seasonally-adjusted basis, RPKs continued their growth trend, increasing by 1.2% month-on-month, maintaining the momentum seen this year (**Chart 2**).

Chart 2 – Global air passengers, revenue-passenger kilometers (RPKs), billions per month



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Air passenger market overview - June 2023

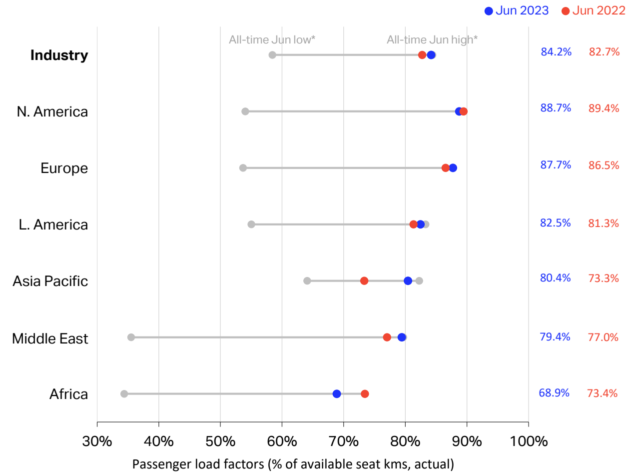
	World	June 2023 (% year-on-year)				June 2023 (% ch vs the same month in 2019)			
	share [1]	RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]	RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**31.0%**	**28.8%**	**1.4%**	**84.2%**	**-5.8%**	**-5.5%**	**-0.2%**	**84.2%**
International	*58.0%*	33.7%	31.7%	1.3%	85.0%	-11.8%	-13.2%	1.4%	85.0%
Domestic	*42.0%*	27.2%	24.7%	1.6%	82.9%	5.1%	8.7%	-2.8%	82.9%

[1]% of industry RPKs in 2022 [2]Change in load factor [3]Load factor level

Despite these positive trends, passenger traffic remains 5.8% below 2019 levels. This decline signifies a contraction of 1.7 percentage points (ppts) from the performance recorded in May.

The passenger load-factor (PLF) reached 84.2% globally, which was only 0.2 ppts down from the 2019 level. Most regions have experienced strong traffic recovery, with their PLFs approaching their June all-time highs. European carriers, in particular, achieved a record load factor level of 87.7% for the month of June. Asia Pacific carriers also saw a noticeable improvement in their load factors, which increased by 7.1 ppts compared to June 2022, reaching 80.4% (**Chart 3**).

Chart 3 – Passenger load factors, by airline region of registration

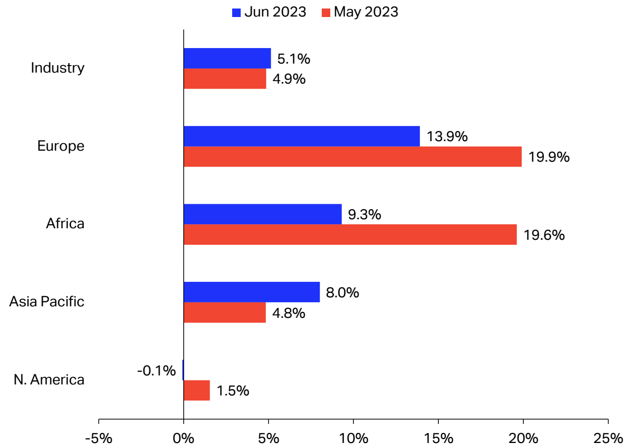


Sources: IATA Sustainability and Economics, IATA Monthly Statistics *Data from 1990 onwards

Domestic traffic recovery remained resilient

In June, domestic traffic continued to trend above pre-pandemic levels, with RPKs rising by 27.2% YoY and standing 5.1% higher than the levels seen in 2019 (**Chart 4**). However, the domestic PLF fell short by 2.8 ppts compared to June 2019, as the growth in ASKs slightly outpaced the recovery in passenger traffic.

Chart 4 – Domestic RPK growth by airline region of registration, YoY% change versus 2019



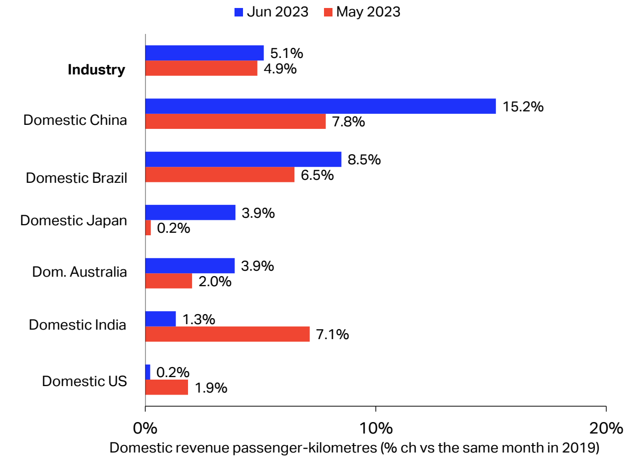
Sources: IATA Sustainability and Economics, IATA Monthly Statistics

European airlines continued to lead the growth in domestic traffic, showing a substantial 13.9% increase in domestic RPKs compared to 2019. Latin America and Asia Pacific airlines followed with growth rates of 12.7% and 6.0%, respectively. In contrast, domestic traffic for North American carriers fell 0.1% below the pre-pandemic threshold this month (**Chart 4**).

The US domestic market, however, conserved its momentum, growing 0.2% over June 2019 levels. Throughout the first half of the year, this market has shown robust performance, standing 2.2% above pre-Covid levels. The positive trend observed in Brazil persisted, with domestic RPKs experiencing a second consecutive month of full recovery, after the initial rebound seen in May. June passenger traffic in Brazil was 8.5% higher than pre-Covid levels, after growing 13.3% YoY (**Chart 5**).

For Asia Pacific carriers, the increase in domestic traffic continued to be driven by growth in China. Domestic RPKs in the region rose by 8.0% over pre-pandemic levels, with the world's second-largest domestic market surpassing 2019 levels by 15.2%.

Chart 5 – Domestic RPK growth by market, YoY% change versus 2019



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

The other major domestic markets in the Asia Pacific region have achieved similar results in June. Passenger traffic in India grew 14.8% YoY and stood 1.3% above pre-pandemic RPKs. Japan also experienced a remarkable 33.8% annual growth in domestic RPKs and continued to trend above 2019 levels. Australia's RPKs contracted slightly by 1.7% over the year but remained 3.9% higher than their pre-Covid benchmark (**Chart 5**). Notably, these three markets have also demonstrated significant year-to-date growth in H1 2023, approaching traffic levels similar to those observed in H1 2019.

International recovery stayed on course...

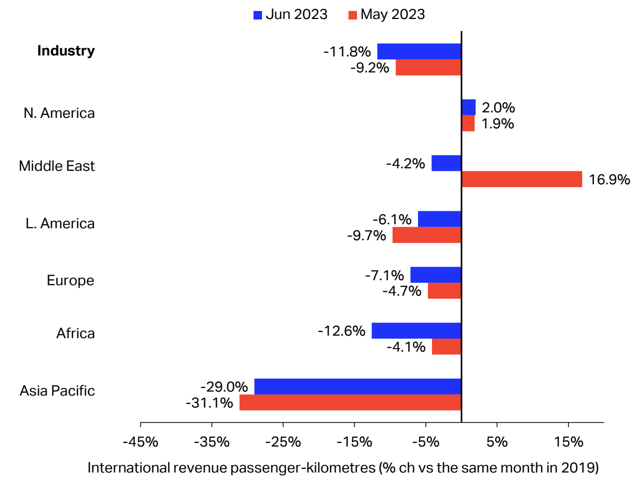
Despite the 2.6 ppt contraction in recovery performance from May to June (**Chart 6**, **Chart 7**), international passenger traffic showed resilience, climbing by 1.5% MoM in seasonally-adjusted terms, indicating sustained positive momentum. In addition, industry-wide international RPKs grew by 33.7% YoY, with the load factor surpassing the previous year and pre-pandemic levels by 1.3 and 1.4 ppts, respectively. The first six months of 2023 witnessed strong growth in international passenger traffic, with RPKs rising 58.6% over H1 2022 and sitting 16.1% below H1 2019 levels.

...while regions experienced mixed results

In June, carriers based in North America kept their leading position in terms of recovery to 2019 levels with 2.0% growth over June 2019 international RPKs. Meanwhile, Asia Pacific airlines sustained their strong passenger traffic rebound, leading in growth with international RPKs and ASKs surging by 128.1% and 115.6% YoY, respectively. As of June, international RPKs for Asia Pacific carriers were 29.0% below pre-Covid levels (**Chart 6**).

For European airlines, international traffic recovery showed signs of steadying, with a slowdown in annual growth. Both passenger traffic and seat capacity continued to trend sideways compared to 2019 levels. In June, international RPKs grew 14.0% YoY and remained 7.1% under pre-covid levels (**Chart 6**).

Chart 6 – International RPK growth by airline region of registration, YoY% change versus 2019



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

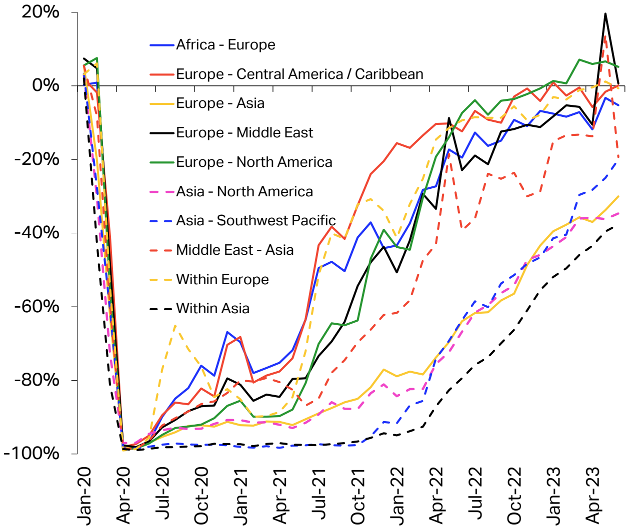
Middle Eastern carriers experienced a significant surge in international traffic growth last month, rebounding from a low base due to structural changes in the region in May 2019. Nevertheless, in June, international RPKs for this region's carriers remained 4.2% below pre-pandemic levels (**Chart 6**). Meanwhile, Latin America airlines have consistently expanded their international seat capacity with rising passenger traffic in recent months. By June, their passenger traffic remained 6.1% below pre-pandemic levels.

Although African carriers achieved robust annual passenger traffic growth of 34.7%, their recovery in June remained further behind, trailing 2019 levels by 12.6%. The region's carriers also saw seat capacity rise faster than RPKs, leading to a decreased load factor when compared to the same months in 2019 and 2022 (**Chart 6**).

Major international passenger flows were on track to full recovery

Overall, the most traffic-intense route areas of 2019 have experienced diverse outcomes. International passenger traffic between the Americas, Europe and the Middle East have recovered the fastest. On the other hand, tremendous growth in Asia Pacific is rapidly closing the gap with the rest of the world as airlines resume normal operations. Notably, passenger flows from Europe have made substantial progress in the recovery (**Chart 7, Chart 8**).

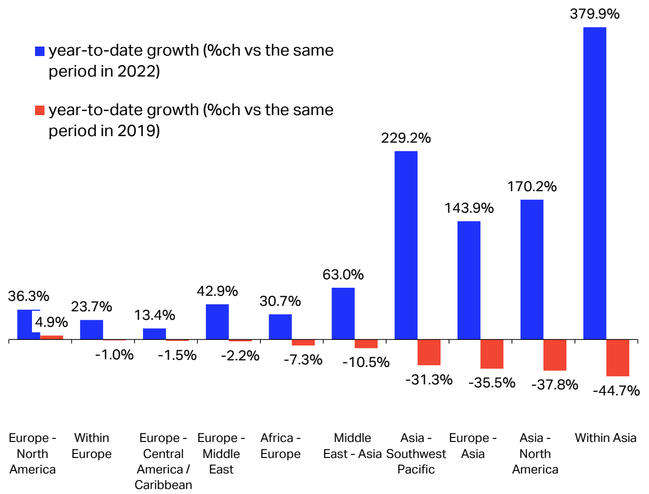
Chart 7 – International RPKs, YoY% change versus 2019 – Top 10 route areas in 2019



Source: IATA Sustainability and Economics, IATA Monthly Statistics

Europe – North America took the lead in recovery among the route areas, experiencing a 4.9% growth over H1 2019 and a remarkable 36.3% increase in RPKs compared to H1 2022. Meanwhile, passenger traffic within Asia Pacific achieved significant growth over the first half of 2023, with a 379.9% increase over the period (**Chart 8**).

Chart 8 - International RPKs, YTD June 2023 (% ch) – Top 10 route areas, ranked by 2019 traffic level



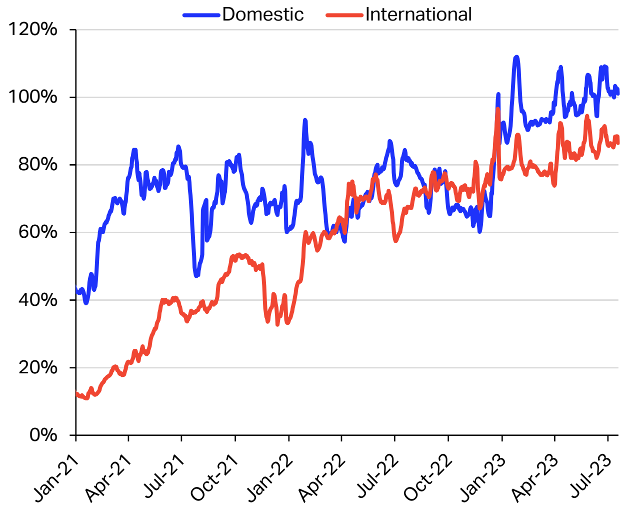
Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Ticket sales indicate sustained demand in upcoming months

Despite macroeconomic challenges affecting households, ticket sales suggest that the demand for air travel was robust in June, at the start of the Northern Summer Travel Season. The increase in ticket sales preceding the peak season played a significant role in this resilience, with domestic ticket sales surpassing pre-pandemic levels through July **(Chart 9)**.

International ticket sales also continued to approach 2019 levels as the increase in demand remained robust, marking a strong start for the travel peak season. These developments also signal that passenger traffic recovery will be sustained in the near future.

Chart 9 – Ticket sales by purchase date, 7-day moving average - % share of 2019 levels



Sources: IATA Sustainability and Economics, DDS

Air passenger market in detail - June 2023

	World share[1]	June 2023 (% year-on-year) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]	June 2023 (% ch vs the same month in 2019) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**31.0%**	**28.8%**	**1.4%**	**84.2%**	**-5.8%**	**-5.5%**	**-0.2%**	**84.2%**
Africa	*2.1%*	31.8%	40.5%	-4.6%	68.9%	-9.8%	-6.9%	-2.2%	68.9%
Asia Pacific	*22.1%*	90.1%	73.3%	7.1%	80.4%	-12.4%	-10.4%	-1.8%	80.4%
Europe	*30.8%*	13.0%	11.5%	1.2%	87.7%	-4.9%	-5.3%	0.3%	87.7%
Latin America	*6.4%*	18.7%	17.1%	1.1%	82.5%	2.6%	3.6%	-0.8%	82.5%
Middle East	*9.8%*	28.3%	24.5%	2.4%	79.4%	-4.5%	-8.1%	3.0%	79.4%
North America	*28.8%*	12.9%	13.8%	-0.7%	88.7%	0.6%	0.8%	-0.2%	88.7%
International	***58.0%***	**33.7%**	**31.7%**	**1.3%**	**85.0%**	**-11.8%**	**-13.2%**	**1.4%**	**85.0%**
Africa	*1.8%*	34.7%	44.8%	-5.1%	68.1%	-12.6%	-8.9%	-2.9%	68.1%
Asia Pacific	*8.9%*	128.1%	115.6%	4.6%	82.9%	-29.0%	-30.4%	1.5%	82.9%
Europe	*26.5%*	14.0%	12.6%	1.1%	87.8%	-7.1%	-7.2%	0.0%	87.8%
Latin America	*2.8%*	25.8%	25.0%	0.6%	84.8%	-6.1%	-7.0%	0.9%	84.8%
Middle East	*9.4%*	29.2%	25.9%	2.0%	79.8%	-4.2%	-8.3%	3.4%	79.8%
North America	*8.7%*	23.3%	19.5%	2.7%	90.2%	2.0%	-0.5%	2.2%	90.2%
Domestic	***42.0%***	**27.2%**	**24.7%**	**1.6%**	**82.9%**	**5.1%**	**8.7%**	**-2.8%**	**82.9%**
Dom. Australia[4]	*1.0%*	-1.7%	1.7%	-2.8%	79.4%	3.9%	2.4%	1.1%	79.4%
Domestic Brazil[4]	*1.5%*	13.3%	8.2%	3.5%	78.9%	8.5%	12.4%	-2.8%	78.9%
Dom. China P.R.[4]	*6.4%*	129.6%	95.7%	11.4%	77.2%	15.2%	26.5%	-7.6%	77.2%
Domestic India[4]	*2.0%*	14.8%	0.8%	10.9%	89.9%	1.3%	0.9%	0.4%	89.9%
Domestic Japan[4]	*1.2%*	33.8%	6.3%	15.1%	73.4%	3.9%	0.9%	2.1%	73.4%
Domestic US[4]	*19.2%*	8.0%	11.2%	-2.6%	87.8%	0.2%	2.3%	-1.8%	87.8%

[1]% of industry RPKs in 2022   [2]Change in load factor   [3]Load factor level

4 Note: the six domestic passenger markets for w hich broken-dow n data are available account for approximately 31.3% of global total RPKs and 74.6% of total domestic RPKs

Note: The total industry and regional grow th 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 w hich the carrier is registered; it should not be considered as regional traffic.

Air passenger market in detail - June 2023

	World share[1]	Year-to-date (% ch vs the same period in 2022) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]	Year-to-date (% ch vs the same period in 2019) RPK	ASK	PLF (%-pt)[2]	PLF (level)[3]
TOTAL MARKET	***100.0%***	**47.2%**	**36.1%**	**6.1%**	**80.9%**	**-9.7%**	**-8.4%**	**-1.1%**	**80.9%**
Africa	*2.1%*	59.1%	49.8%	4.2%	72.0%	-9.4%	-10.6%	0.9%	72.0%
Asia Pacific	*22.1%*	125.6%	88.4%	13.0%	78.8%	-20.3%	-17.4%	-2.9%	78.8%
Europe	*30.8%*	28.4%	19.8%	5.5%	81.8%	-7.6%	-5.3%	-2.0%	81.8%
Latin America	*6.4%*	20.3%	18.9%	0.9%	81.5%	-3.3%	-2.3%	-0.8%	81.5%
Middle East	*9.8%*	45.4%	29.8%	8.5%	79.0%	-4.5%	-9.2%	3.9%	79.0%
North America	*28.8%*	20.0%	16.0%	2.8%	83.9%	0.8%	1.5%	-0.5%	83.9%
International	***58.0%***	**58.6%**	**42.5%**	**8.3%**	**81.4%**	**-16.1%**	**-16.3%**	**0.2%**	**81.4%**
Africa	*1.8%*	64.7%	55.0%	4.2%	71.1%	-11.4%	-12.2%	0.6%	71.1%
Asia Pacific	*8.9%*	219.4%	147.3%	18.7%	82.7%	-35.7%	-37.2%	1.9%	82.7%
Europe	*26.5%*	30.5%	21.3%	5.7%	81.2%	-9.9%	-6.4%	-3.1%	81.2%
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Domestic Japan[4]	*1.2%*	55.2%	11.5%	20.5%	72.8%	-4.9%	-6.8%	1.5%	72.8%
Domestic US[4]	*19.2%*	10.4%	10.4%	0.0%	83.5%	2.2%	4.3%	-1.7%	83.5%

[1]% of industry RPKs in 2022 [2]Change in load factor [3]Load factor level

4 Note: the six domestic passenger markets for which broken-down data are available account for approximately 31.3% of global total RPKs and 74.6% of total domestic RPKs

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08 August 2023

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