



Air Passenger Market Analysis

October 2021

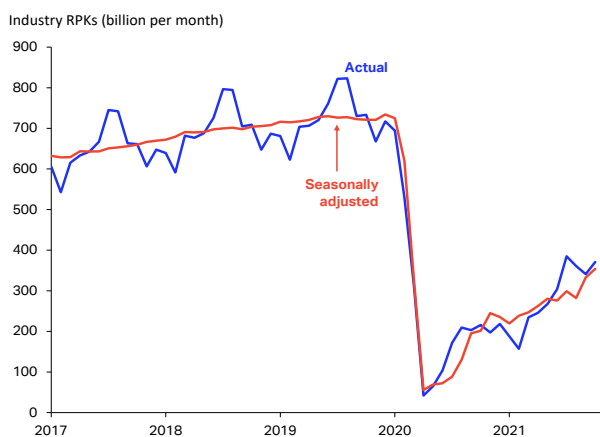
Air travel improves gradually as new challenges emerge

- Global air travel continued to slowly recover in October, with industry-wide revenue passenger-kilometres (RPKs) 49.4% below October 2019 values. There was widespread improvement, with domestic and international RPKs both contributing to the recovery in October.
- The progress seen this month came on the back of rising vaccination rates and decreasing air travel restrictions. But new infection rates are growing globally, and in particular in Europe.
- Moreover, the emergence of the Omicron variant is likely to negatively impact the recovery. While it is too early to see an impact in bookings, travel restrictions have immediately been reimposed, and uncertainty is now much higher. Where stability had been slowly and steadily regained, this will affect consumer confidence and dampen demand.

October saw broad-based air travel improvements

October was another month of gradual, ongoing improvements in air passenger traffic, which remains well below pre-crisis levels. In that month, industry-wide revenue passenger-kilometres (RPKs) were down 49.4% compared to October 2019. This is an improvement from the 53.3% fall reported in September, and RPKs adjusted for seasonal variations (SA) also rose by 6.4% month-on-month in October. Despite a pause in August, air travel is on an upward trend, although the emergence of the Omicron variant of concern is likely to disrupt it temporarily (**Chart 1**).

Chart 1 – Global air passenger volumes (RPKs)



Sources: IATA Economics, IATA Monthly Statistics

In recent months, fluctuations in domestic air travel have been the key contributors to monthly changes. But in October, although domestic traffic also

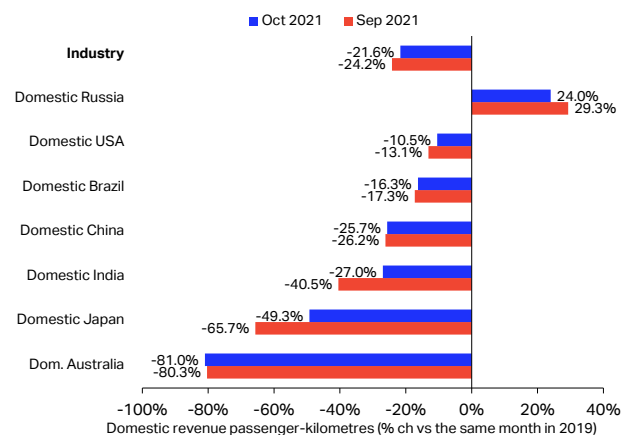
improved, it was international RPKs that played the main role. Most regions contributed to this, with Europe supplying a large part of the improvement.

Second consecutive month of domestic travel gains

Domestic RPKs dropped by 21.6% in October 2021 versus October 2019, following a 24.2% fall in the month before. This is the second consecutive upward move, after a decline in August caused by the spread of the COVID-19 Delta variant in Asia.

Domestic travel in **Russia** was still a strong 24.0% above October 2019 levels. However, a strong wave of COVID-19 combined with the start of the winter travel season meant that growth decelerated somewhat in October and may weaken again in November (**Chart 2**).

Chart 2 – Domestic RPK growth versus the same month in 2019, region of registration basis



Sources: IATA Economics, IATA Monthly Statistics

Air passenger market overview - October 2021

To aid understanding, the table includes both % comparisons with pre-crisis 2019 months and 2020 months.

	World share ¹	October 2021 (% ch vs the same month in 2019)				October 2021 (% year-on-year)			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	-49.4%	-41.2%	-11.5%	70.6%	71.9%	47.3%	10.1%	70.6%
International	45.8%	-65.5%	-56.1%	-17.3%	63.9%	177.8%	90.3%	20.1%	63.9%
Domestic	54.2%	-21.6%	-14.6%	-6.9%	76.7%	33.2%	22.1%	6.4%	76.7%

¹% of industry RPKs in 2020

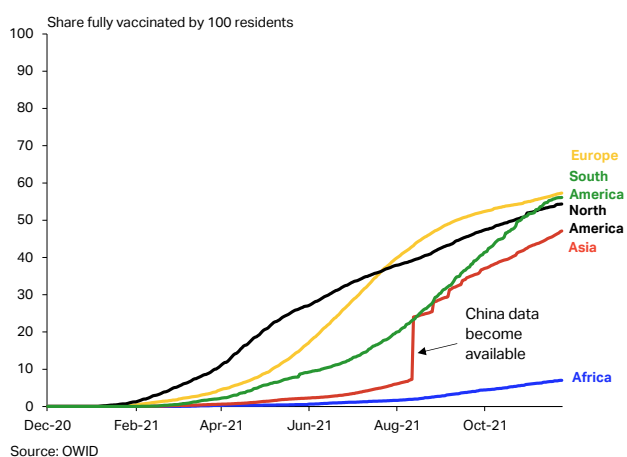
²Change in load factor vs same month in 2019

³Load factor level

In October, domestic RPKs in [the US](#) were 10.5% below pre-crisis levels. Traffic has been close to pre-crisis levels for the past four months or so, but forward bookings indicate domestic RPKs may remain below 2019 during the year-end.

In [Brazil](#), domestic RPKs were 16.3% below 2019 levels in October, close to the September outcome (a 17.3% drop). The upward trend in passenger traffic is backed by low and falling new infections and robust progress in vaccination, as in the wider South America region (**Chart 3**).

Chart 3: Share of people fully vaccinated by region



Domestic air travel in [China](#) surpassed 2019 levels around Q2 this year. But since then, renewed small-scale outbreaks have led authorities to reimplement travel restrictions within the country. This continued in October, meaning domestic RPKs were 25.7% below 2019 levels. What is more, new cases increased in November, meaning that domestic traffic is likely to deteriorate again that month.

There were strong improvements in domestic RPKs in [India](#) and [Japan](#), down respectively 27.0% and 49.3% compared to 2019 levels in October. Both countries have been able to remove some control measures on the back of falling infections and rising vaccination rates.

On the contrary, domestic RPKs remained weak in [Australia](#), with an 81.0% drop compared to 2019 in October, almost unchanged from an 80.3% fall in September.

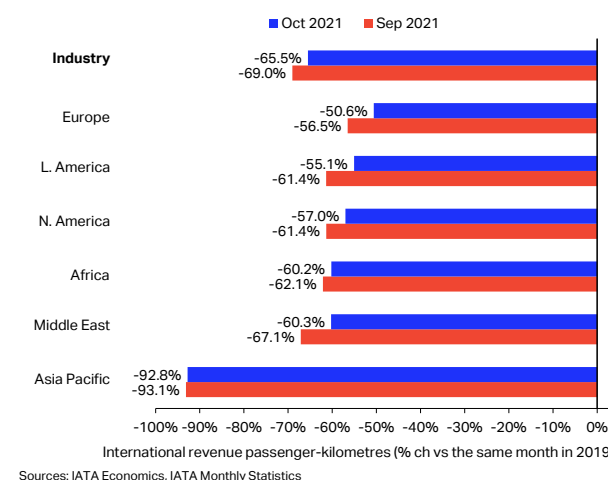
Widespread progress in international RPKs in October

The recovery in international RPKs had paused in September, but it restarted in October, with a 65.5% fall versus 2019. All the main regions improved, and SA international RPKs rose by 12.8% month-on-month.

[European](#) airlines posted a 50.6% fall in international RPKs in October 2021 versus 2019. There was a strong 22.4% increase in SA RPKs month-on-month, by far the largest move in this metric among the main

regions. Besides, several routes such as Within Europe (down 36.1% in October) and Europe-Central America (down 35.1%) performed well (**Chart 4**).

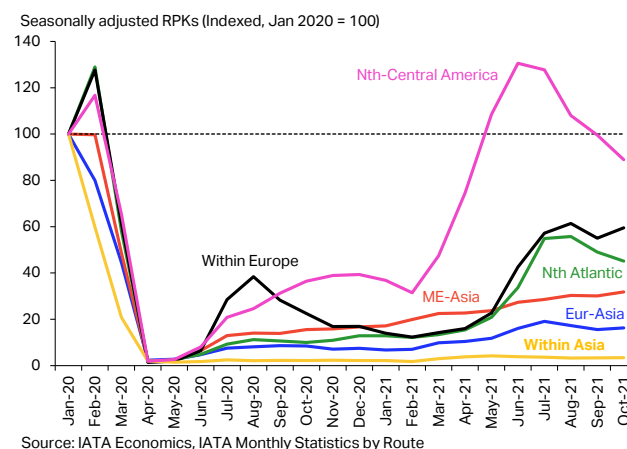
Chart 4 – International RPK growth versus the same month in 2019 (airline region of registration basis)



However, the COVID-19 outbreak faced by the region in November was already pointing to a slowing down of demand for travel – and bookings – even before the emergence of the Omicron variant. This has now been compounded with further sudden travel restrictions aimed at slowing the spread of the variant, which will impact demand between now and the end of the year.

International RPKs of carriers based in [Latin America](#) dropped by 55.1% in October versus the same month in 2019. Vaccination and new infection trends are positive, and the North-Central America route is one of the top performers globally (down 9.2% in October vs per-crisis), although traffic eased recently (**Chart 5**).

Chart 5: Seasonally adjusted international RPKs, selected routes (segment-based)



Airlines in [North America](#) registered a 57.0% decline in their international RPKs in October 2021 versus 2019. The US lifted a strict travel ban on 8 November, and Canada also eased international travel restrictions at the end of October. However, again any potential boost may be short-lived due to the potential spread of the Omicron variant.

Carriers in [Africa](#) and in the [Middle East](#) also saw improvements in air travel, with similar declines of respectively 60.2% and 60.3% in October compared to 2019. Travel restrictions have eased in both regions recently, but trends diverge widely in terms of vaccination – while most countries in the Middle East have reached widespread vaccination, less than 10% of Africans had been fully vaccinated at the end of November.

In October 2021, international RPKs of airlines based in [Asia Pacific](#) were 92.8% below October 2019 levels, marking the fifth consecutive month with marginal gains in the rate of decline. After a long period without any clear improvements, some tentative signs of a recovery have appeared in the past 4-5 months. For example, the Middle East-Asia route is trending up at a consistent pace, driven by the return of traffic flows between India and Gulf countries.

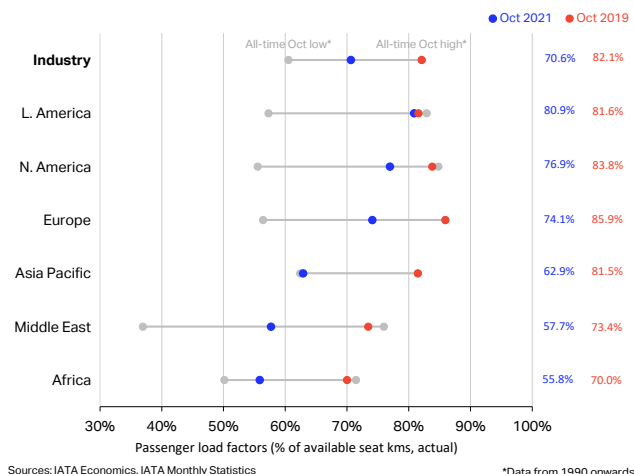
Capacity and load factors improved in October

There was a second consecutive month of improvement in air passenger capacity in October. Industry-wide available seat-kilometres (ASKs) were down 41.2% compared to October 2019, an improvement from the 43.5% fall in September.

The capacity recovery was broad-based across the main regions, with North America being the most resilient, at 19.7% below October 2019 values. The worst region is Asia Pacific (-56.5%).

Airlines have been able to avoid adding back too much capacity recently, as global RPKs improved more than ASKs for the second month in a row. In October, the industry-wide passenger load factor was at 70.6%, 11.5 percentage points (ppts) below its October 2019 value. In September, the same metric had been 14.1 ppts below pre-crisis. All the regions improved compared to September 2021, and airlines in Latin America were only 0.7 ppts below pre-crisis load factors (**Chart 6**).

Chart 6 – Passenger load factor by region



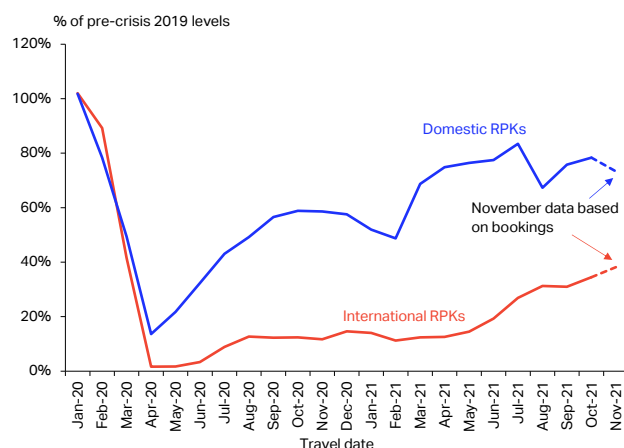
Optimism for November, but uncertainty is rising again

Air travel drivers were pointing to the gradual recovery continuing in November, but the sudden and uncoordinated imposition of strict new travel requirements as a result of Omicron has significantly increased uncertainty, meaning any strong rise in global RPKs is unlikely in the next 2-3 months.

First of all, new COVID-19 infections are again increasing globally as of late November, driven by a strong outbreak in Europe and the start of a new wave in North America. New cases were falling in most other regions however, and indeed, travel restrictions were eased in many regions, including in Asia Pacific countries which had been strict so far, and on the crucial North Atlantic market.

That being said, the emergence of the Omicron variant in late November may result in countries reimposing more extensive travel restrictions. It is too early to know the impact the variant will have on new cases, and it is not yet adequately captured in bookings data. But it strongly increases uncertainty and the possibility that the air travel recovery reverses for a period starting late November. Bookings made for travel in November show the upward trend in international RPKs is likely to continue during that month. However, this is unlikely to extend to December. In addition, domestic RPKs may once more deteriorate in November, in parts due to outbreaks and new restrictions in Russia and China (**Chart 7**).

Chart 7: Trends in passenger bookings (dom. vs. int'l)



Source: IATA Economics using IATA Monthly Statistics and DDS ticketing data

Another positive sign for the recovery is the strong optimism from airlines themselves. In IATA's October 2021 [Business Confidence Survey](#), 88% of surveyed airlines expected passenger volumes to grow in the next twelve months compared to now. But again this was before the emergence of Omicron.

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2nd December 2021

Air passenger market detail - October 2021

To aid understanding, the table includes both % comparisons with pre-crisis 2019 months and 2020 months.

	World share ¹	October 2021 (% ch vs the same month in 2019)				October 2021 (% year-on-year)			
		RPK	ASK	PLF (%-pt) ²	PLF (level) ³	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	100.0%	-49.4%	-41.2%	-11.5%	70.6%	71.9%	47.3%	10.1%	70.6%
Africa	1.9%	-60.1%	-50.0%	-14.2%	55.8%	67.7%	50.5%	5.7%	55.8%
Asia Pacific	38.6%	-66.4%	-56.5%	-18.6%	62.9%	-12.8%	-4.0%	-6.4%	62.9%
Europe	23.7%	-45.3%	-36.6%	-11.8%	74.1%	144.0%	85.7%	17.7%	74.1%
Latin America	5.7%	-33.6%	-33.0%	-0.7%	80.9%	106.6%	84.2%	8.8%	80.9%
Middle East	7.4%	-59.0%	-47.8%	-15.7%	57.7%	181.3%	80.1%	20.8%	57.7%
North America	22.7%	-26.3%	-19.7%	-6.8%	76.9%	148.0%	79.0%	21.4%	76.9%
International	45.8%	-65.5%	-56.1%	-17.3%	63.9%	177.8%	90.3%	20.1%	63.9%
Africa	1.6%	-60.2%	-49.0%	-15.2%	54.1%	73.3%	51.0%	7.0%	54.1%
Asia Pacific	11.0%	-92.8%	-83.8%	-44.0%	35.7%	57.3%	42.1%	3.5%	35.7%
Europe	18.6%	-50.6%	-41.3%	-13.7%	72.5%	188.5%	104.0%	21.2%	72.5%
Latin America	2.2%	-55.1%	-52.5%	-4.3%	76.9%	224.4%	144.2%	19.0%	76.9%
Middle East	7.0%	-60.3%	-49.1%	-16.1%	57.5%	198.7%	83.0%	22.3%	57.5%
North America	5.4%	-57.0%	-43.2%	-20.0%	62.4%	247.2%	107.5%	25.1%	62.4%
Domestic	54.2%	-21.6%	-14.6%	-6.9%	76.7%	33.2%	22.1%	6.4%	76.7%
Dom. Australia ⁴	0.7%	-81.0%	-70.6%	-29.6%	54.1%	21.5%	33.5%	-5.4%	54.1%
Domestic Brazil ⁴	1.6%	-16.3%	-16.6%	0.3%	84.3%	50.8%	43.0%	4.4%	84.3%
Dom. China P.R. ⁴	19.9%	-25.7%	-9.7%	-15.1%	70.3%	-24.4%	-15.8%	-8.0%	70.3%
Domestic India ⁴	2.1%	-27.0%	-21.0%	-6.4%	77.3%	64.9%	43.0%	10.3%	77.3%
Domestic Japan ⁴	1.4%	-49.3%	-29.3%	-21.9%	55.7%	-7.7%	7.4%	-9.1%	55.7%
Dom. Russian Fed. ⁴	3.4%	24.0%	23.7%	0.2%	84.9%	37.8%	23.3%	8.9%	84.9%
Domestic US ⁴	16.6%	-10.5%	-7.3%	-2.9%	81.8%	131.1%	70.5%	21.4%	81.8%

¹% of industry RPKs in 2020

²Change in load factor vs same month in 2019

³Load factor level

⁴Note: the seven domestic passenger markets for which broken-down data are available account for approximately 46% of global total RPKs and 84% of total domestic RPKs

Note: The total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic.

Year-to-date developments (Jan. - Oct. 2021 vs Jan. - Oct. 2019)

	Year-to-date (% ch vs the same period in 2019)			
	RPK	ASK	PLF (%-pt) ²	PLF (level) ³
TOTAL MARKET	-60.9%	-51.0%	-16.7%	66.1%
Africa	-67.8%	-58.0%	-16.7%	55.1%
Asia Pacific	-66.9%	-57.1%	-18.7%	63.2%
Europe	-65.4%	-55.7%	-18.7%	66.8%
Latin America	-51.5%	-47.1%	-6.8%	75.8%
Middle East	-73.7%	-58.4%	-28.0%	48.3%
North America	-42.5%	-32.3%	-12.7%	72.3%

¹% of industry RPKs in 2020

²Change in load factor vs same period in 2019

³Load factor level

	Year-to-date (% ch vs the same period in 2019)					Year-to-date (% ch vs the same period in 2019)			
	RPK	ASK	PLF (%-pt) ²	PLF (level) ³		RPK	ASK	PLF (%-pt) ²	PLF (level) ³
International	-78.7%	-68.2%	-27.2%	55.0%	Domestic	-29.2%	-19.8%	-9.8%	74.0%
Africa	-69.1%	-58.1%	-18.8%	52.6%	Dom. Australia	-63.6%	-53.0%	-18.1%	62.2%
Asia Pacific	-94.4%	-86.2%	-47.9%	33.0%	Domestic Brazil	-32.5%	-30.3%	-2.7%	80.0%
Europe	-72.2%	-61.8%	-23.3%	62.5%	Dom. China P.R.	-20.3%	-6.8%	-12.3%	72.7%
Latin America	-71.6%	-65.9%	-13.9%	69.1%	Domestic India	-47.7%	-34.0%	-18.1%	69.0%
Middle East	-75.1%	-60.2%	-28.5%	47.9%	Domestic Japan	-62.1%	-39.3%	-27.6%	46.1%
North America	-69.8%	-55.4%	-27.2%	57.0%	Dom. Russian Fed.	21.9%	22.1%	-0.1%	83.8%
					Domestic US	-26.5%	-18.4%	-8.6%	76.9%

¹% of industry RPKs in 2020

²Change in load factor vs same period in 2019

³Load factor level

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