

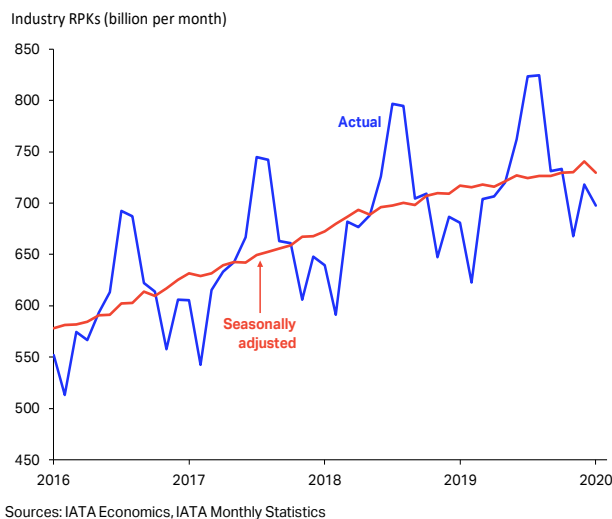
## Passenger growth slows as COVID-19 impacts the industry

- Industry-wide revenue passenger kilometres (RPKs) rose by 2.4% year-on-year in January, the slowest growth outturn since April 2010. Industry-wide available seat kilometres (ASKs) expanded 1.7% annually this month.
- This month's slowdown is impacted by the COVID-19 outbreak which – starting at the end of January – has particularly affected demand in the Chinese domestic and international Asia Pacific markets.
- We expect passenger demand to weaken further in February and March as the virus spreads outside of China.

### A soft start to the year for industry-wide RPKs...

Industry-wide revenue passenger kilometres (RPKs) grew by 2.4% year-on-year in January 2020. This is a clear slowdown from 4.6% in December 2019, and the slowest growth rate since April 2010 – at the time of significant airspace closures over Europe due to volcanic ash clouds. The industry-wide seasonally adjusted (SA) series also eased in January unwinding the lift observed in December (Chart 1).

**Chart 1 – Air passenger volumes and latest trend**



Air passenger traffic is currently being [impacted by the COVID-19 virus](#) and the resulting containment measures and cancellations. With the disruption intensifying from around January 23, the initial impacts are evident in this month's outcome.

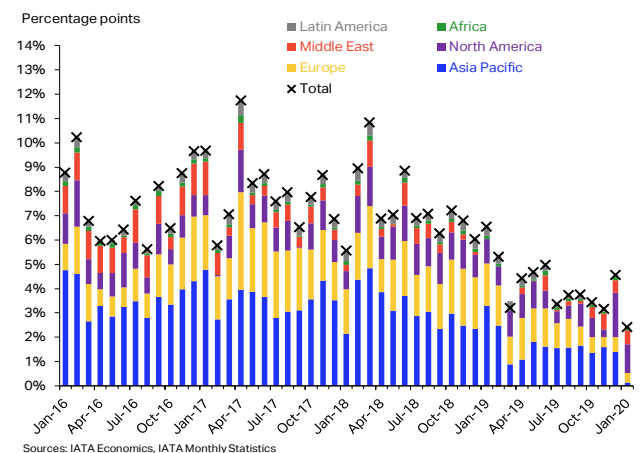
Given the pattern of previous epidemics, the shock on aviation will last a number of months (typically 6-7),

with the maximum impact after 2-3 months. The recent trend in passenger volumes had already been modest, with SA RPKs growing at around 4% per annum between Q2 2018 and Q4 2019.

### ...driven by falling contributions from airlines in APAC

The contribution of airlines based in Asia Pacific to the industry-wide growth slumped to 0.1ppt, its weakest since 2009 and 1.4ppts below December 2019. Contributions also eased in Europe and North America, albeit to a lesser extent (Chart 2).

**Chart 2 – Contribution to annual RPK growth (airline region of registration)**



### Stabilizing drivers in Jan, interrupted by COVID-19

The context of air transport was separated into two periods in January. During the first 3 weeks or so of the month, key drivers continued showing signs of stabilization. The US-China Phase One trade deal was signed on January 15, pushing sentiment up. The global composite Purchasing Manager's Index (PMI) – a measure of business confidence and a consistent

### Air passenger market overview - January 2020

	World share <sup>1</sup>	January 2020 (% year-on-year)				2019 calendar year (% year-on-year)			
		RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>2.4%</b>	<b>1.7%</b>	<b>0.6%</b>	<b>80.3%</b>	<b>4.2%</b>	<b>3.4%</b>	<b>0.6%</b>	<b>82.6%</b>
International	63.8%	2.5%	0.9%	1.2%	81.1%	4.1%	3.0%	0.8%	82.0%
Domestic	36.2%	2.3%	3.0%	-0.5%	78.9%	4.5%	4.1%	0.3%	83.6%

<sup>1</sup>% of industry RPKs in 2019

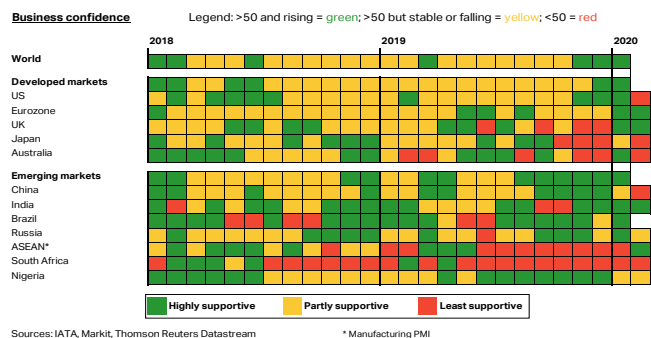
<sup>2</sup>Year-on-year change in load factor

<sup>3</sup>Load factor level

driver of air passenger demand – lifted in January to its best level since May 2019. At the country level (Chart 3), PMIs were rising in January in several key emerging and developing markets.

Initial PMI estimates for February in countries such as Japan, Australia and the US already reflect concerns about the effect of the virus on overall business.

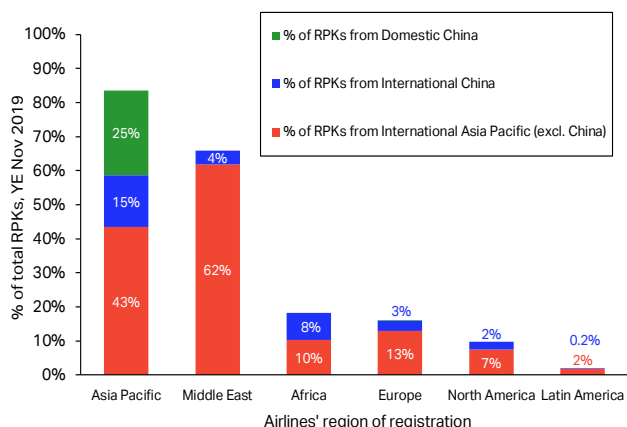
**Chart 3 – Economic conditions (monthly data from composite PMIs, selected regions and countries)**



On January 23, the city of Wuhan was placed on lockdown, a decision followed by numerous domestic flight cancellations. Several countries imposed travel bans to/from China, while many businesses in the country were kept shut during a Lunar New Year break which was extended to Feb. 2.

Despite cancellations and containment measures starting late in the month, several regions have already been clearly impacted, owing to their significant traffic exposure to China. Asia Pacific has the largest volume of RPK traffic to, from and within China, while Africa, Middle East and Europe also see a significant share of their RPKs coming to/from China (Chart 4).

**Chart 4 – Exposure to APAC and China RPKs (airline region of registration)**



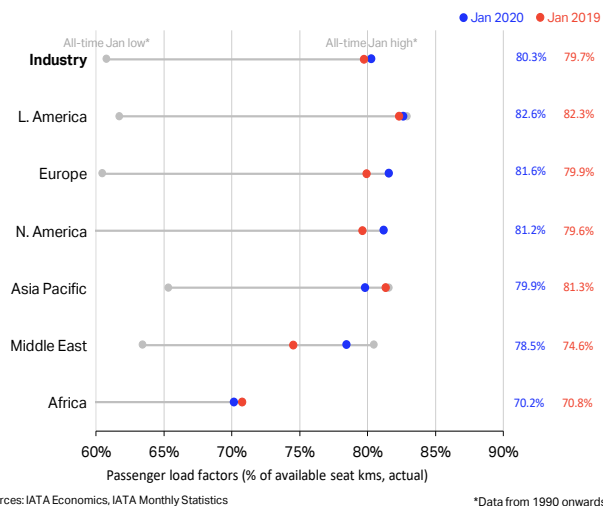
**ASK growth decreases further, slower than RPK**

Industry-wide available seat kilometres (ASKs) expanded by 1.7% annually in January. This is the slowest outcome since early 2013, as the delays in the 737 Max aircraft deliveries are further compounded by flight cancellations, in response to

travel bans and falling passenger demand. Among the regions, total capacity contracted slightly in Europe but grew 2.2% annually in Asia Pacific.

This led the industry-wide passenger load factor to a new record-high for any month of January (80.3%). Load factors achieved a similar historical high in both Europe and North America this month (Chart 5).

**Chart 5 – Passenger load factors by region**



**International RPK growth falls, in line with total growth**

In January, international passenger volumes rose by 2.5% year-on-year. As for total volumes, this is the slowest growth outturn since April 2010 (Chart 6).

**Asia Pacific int'l growth impacted by the coronavirus**

International RPKs of airlines registered in Asia Pacific grew 2.5% year-on-year, the slowest outcome in the region since early 2013. The moderate upward trend in SA volumes was interrupted in January.

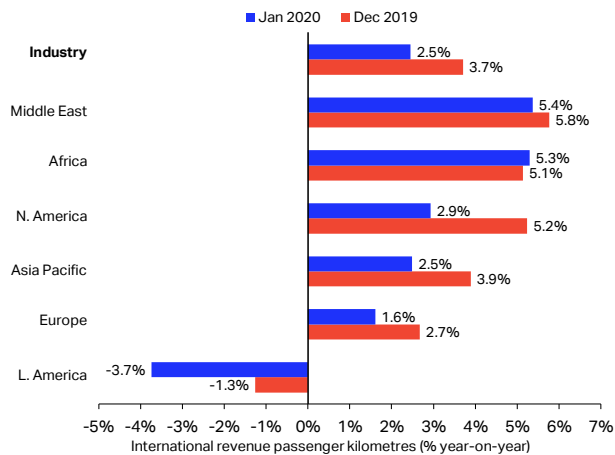
Softer Q4 GDP growth outcomes in several key economies in the region was compounded by the impact of the coronavirus on demand at the end of the month – notably on the international China market. Despite the flight cancellations in late January, international capacity still lifted by 3.0% year-on-year, in line with the previous months.

**Int'l growth remains solid in Middle East and Africa...**

Carriers based in the Middle East recorded 5.4% annual growth in international RPKs. This is the fourth consecutive month of solid growth, amidst a strong performance from the large Europe-Middle East and Middle East-Asia routes. In January, none of the main carriers in the region cancelled flights due to COVID-19, although this situation has now changed.

In the meantime, African airlines posted a 5.3% annual increase in international passenger demand, almost unchanged from December 2019 (5.1%). Flight disruption in late January was also relatively small for this region's carriers.

**Chart 6 – International RPK growth, yearly (airline region of registration basis)**



Sources: IATA Economics, IATA Monthly Statistics

**...but slows in North America and Europe...**

North American carriers recorded a 2.9% annual growth rate in international RPKs in January. Passenger traffic continues to be supported by a relatively robust US economy and a strong North Atlantic market – up 8.0% annually in December (latest data). There were no significant flight cancellations to Asia in January.

European airlines saw international RPKs increase by 1.6% year-on-year in January. GDP growth slumped in Q4 2019 in several key economies, weakening the RPK growth outcome. Moreover, some large carriers in the region started to cancel flights to China late in January, further impacting passenger traffic.

**...and Latin America posts negative RPK growth**

Latin American airlines experienced a contraction of 3.7% in international passenger volumes in January. This is the fourth consecutive month of nil or negative growth, with SA RPKs remaining on the downward trend which started around Q2 2019. In January, the region was not impacted by the COVID-19 outbreak.

**Domestic RPK growth slows in Jan, driven by China**

Domestic RPKs grew by 2.3% year-on-year in January, a stark slowdown from the 6.0% growth rate seen in December, and the softest outturn since early 2013. This month's result is driven by the fall in China domestic volumes – which represent around 25% of total industry-wide domestic RPKs (Chart 7).

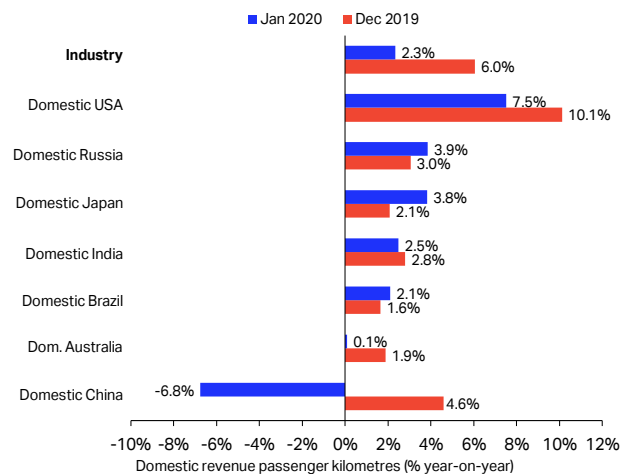
**China faced the brunt of the coronavirus impact in Jan**

The cancelled flights and travel restrictions saw China domestic passenger volumes fall by 6.8%yoy in January. Domestic capacity (ASKs) contracted 0.2%, the first capacity decline since August 2008.

After a positive start, domestic passenger demand fell abruptly, with bookings data highlighting the extent of the [impact at the end of the month](#). China's Ministry of Transport reported an 80% annual fall in volumes in

late January and early February. As the situation has continued to evolve, monthly traffic growth outcomes are expected to be weaker in Feb. and March.

**Chart 7 – Domestic RPK growth by market**



Sources: IATA Economics, IATA Monthly Statistics

**Another month of strong RPK growth in the US...**

US airlines experienced a 7.5% growth in their domestic RPKs in January 2020 compared to the same month a year ago. This is the second consecutive month of brisk growth in the country, amidst supportive business confidence and domestic economic outcomes.

**...followed at a distance by Russia...**

Domestic RPKs in Russia lifted by 3.9% year-on-year in January. Despite that, passenger demand growth has softened in the country since early 2019, as the boost from lower fares and increased city-pair connectivity seen recently looks to be waning.

**...while RPK growth lifts in domestic Japan**

In January, domestic RPKs in Japan expanded by 3.8% annually. This is a solid outcome, in a country that faced a fall in GDP in Q4 2019 and poor business confidence following the sales tax rise in October.

**Growth is similar to December in India and Brazil...**

RPK growth in the India domestic market was broadly unchanged in January compared to December, at 2.5% year-on-year. Brazilian airlines posted a 2.1% increase in their domestic passenger volumes, a slight improvement from the 1.6% rate of December. Soft retail sales and industrial output data have weighed on air transport demand outcomes in Brazil.

**... and unchanged year-on-year in Australia**

In January, domestic RPKs in Australia edged up by 0.1% annually, down from 1.9% the month before. With growth rates having seesawed in the past few months, the underlying SA trend remains broadly sideways.

IATA Economics  
[economics@iata.org](mailto:economics@iata.org)  
 4 March 2020

## Air passenger market detail - January 2020

	World share <sup>1</sup>	January 2020 (% year-on-year)				2019 calendar year (% year-on-year)			
		RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>	RPK	ASK	PLF (%-pt) <sup>2</sup>	PLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>2.4%</b>	<b>1.7%</b>	<b>0.6%</b>	<b>80.3%</b>	<b>4.2%</b>	<b>3.4%</b>	<b>0.6%</b>	<b>82.6%</b>
Africa	2.1%	5.2%	6.1%	-0.6%	70.2%	4.9%	4.7%	0.1%	71.7%
Asia Pacific	34.7%	0.4%	2.2%	-1.5%	79.9%	4.8%	4.6%	0.2%	81.9%
Europe	26.8%	1.6%	-0.5%	1.7%	81.6%	4.3%	3.6%	0.6%	85.2%
Latin America	5.1%	0.4%	0.0%	0.3%	82.6%	4.2%	3.0%	1.0%	82.6%
Middle East	9.0%	5.9%	0.6%	3.9%	78.5%	2.3%	0.1%	1.7%	76.2%
North America	22.2%	5.7%	3.6%	1.6%	81.2%	3.9%	2.9%	0.9%	84.8%
<b>International</b>	<b>63.8%</b>	<b>2.5%</b>	<b>0.9%</b>	<b>1.2%</b>	<b>81.1%</b>	<b>4.1%</b>	<b>3.0%</b>	<b>0.8%</b>	<b>82.0%</b>
Africa	1.8%	5.3%	5.7%	-0.3%	70.5%	5.0%	4.5%	0.3%	71.3%
Asia Pacific	19.1%	2.5%	3.0%	-0.4%	81.6%	4.5%	4.1%	0.3%	80.9%
Europe	24.0%	1.6%	-1.0%	2.1%	82.7%	4.4%	3.7%	0.6%	85.6%
Latin America	2.7%	-3.7%	-4.0%	0.2%	82.7%	3.0%	1.6%	1.1%	82.8%
Middle East	8.7%	5.4%	0.5%	3.6%	78.3%	2.5%	0.2%	1.8%	76.3%
North America	7.5%	2.9%	1.6%	1.0%	81.7%	3.9%	2.2%	1.3%	84.0%
<b>Domestic</b>	<b>36.2%</b>	<b>2.3%</b>	<b>3.0%</b>	<b>-0.5%</b>	<b>78.9%</b>	<b>4.5%</b>	<b>4.1%</b>	<b>0.3%</b>	<b>83.6%</b>
Dom. Australia <sup>4</sup>	0.8%	0.1%	-1.4%	1.2%	79.3%	0.2%	0.1%	0.1%	80.2%
Domestic Brazil <sup>4</sup>	1.1%	2.1%	0.1%	1.6%	85.7%	0.4%	-1.4%	1.5%	82.7%
Dom. China P.R. <sup>4</sup>	9.8%	-6.8%	-0.2%	-5.4%	76.7%	8.0%	8.4%	-0.3%	84.6%
Domestic India <sup>4</sup>	1.6%	2.5%	2.3%	0.1%	86.1%	5.2%	4.3%	0.7%	87.4%
Domestic Japan <sup>4</sup>	1.1%	3.8%	1.9%	1.3%	68.1%	3.9%	2.8%	0.8%	73.8%
Dom. Russian Fed. <sup>4</sup>	1.5%	3.9%	8.3%	-3.1%	72.2%	6.7%	7.1%	-0.3%	83.2%
Domestic US <sup>4</sup>	14.0%	7.5%	4.9%	1.9%	81.1%	4.3%	3.5%	0.6%	85.3%

<sup>1</sup>% of industry RPKs in 2019

<sup>2</sup>Year-on-year change in load factor

<sup>3</sup>Load factor level

<sup>4</sup>Note: the seven domestic passenger markets for which broken-down data are available account for 30% of global total RPKs and approximately 83% 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.

### Get the data

Access data related to this briefing through IATA's Monthly Statistics publication: [www.iata.org/monthly-traffic-statistics](http://www.iata.org/monthly-traffic-statistics)

### IATA Economics Mobile App

100% free access to our analysis & briefing for iOS & Android devices. For more details or for links to download, see [here](#)

### IATA Economics Consulting

To find out more about our tailored economics consulting solutions, visit: [www.iata.org/consulting](http://www.iata.org/consulting)

**Terms and Conditions** for the use of this IATA Economics Report and its contents can be found here: [www.iata.org/economics-terms](http://www.iata.org/economics-terms)  
By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.