Dear readers,

The recovery of air passenger traffic in Latin America and Caribbean is once again showing positive signs. In April 2023, the sector virtually reached the passenger levels recorded in 2019 and was again positioned as the world's best recovering region. This achievement is especially noteworthy, considering the challenges facing the region.

This milestone is a reflection of the commitment and resilience of airlines, as well as the essential need that this means of transport represents in our countries.

This edition also highlights the performance of Mexico, which has become the largest market in the region during the first quarter of 2023, exceeding Brazil for the first time in history. With a total of 29 million passengers carried, Mexico has demonstrated its strength and resilience in the midst of these challenging times. In addition, other markets such as Colombia, which has experienced a 19% growth compared to 2019 levels, and Dominican Republic, with a 9% increase, also deserve recognition for their outstanding growth.

Mexico is a very dynamic market with ample options for users that kept open borders during the pandemic. It also has a privileged location that favors ethnic tourism. However, Mexico has yet to reach its full potential and measures such as the reduction of fees, taxes and contributions which is key for even more people to access air transport and travel in the country.

The challenges we have discussed in previous editions remain, but it is encouraging to note that fuel prices have decreased compared to previous months, although they are at higher levels vs. 2019 and 2021 prices. This is a factor that is still notably affecting the recovery of the industry.

Latin America and Caribbean has once again demonstrated its resilience and adaptability. This June, the tax reduction in Ecuador came into effect, which is already having an impact on the final price reduction in ticket search engines. We look forward to seeing the results of this measure in the coming months and hope that more countries will join initiatives like this that will achieve greater revenue by attracting more passengers.

It is essential that the focus is on ensuring the competitiveness and growth of the industry. Where aviation reaches, development arrives, and it powers the growth of many other industries in a direct, indirect and induced way.

Aviation leaders will meet on October 22-24 in Cancun during our ALTA AGM & Airline Leaders Forum. If you have not yet registered, I invite you to reserve your seat and join us in the discussions that will shape the future of aviation in the region.

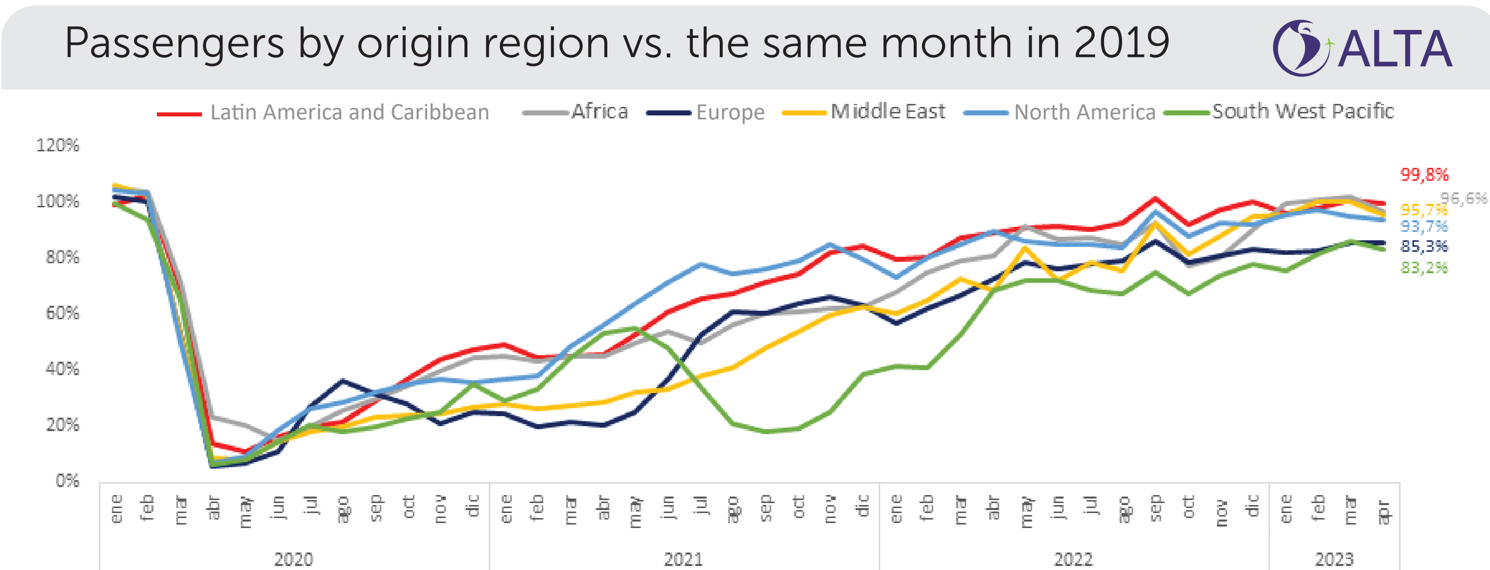
Thanks for reading,

José Ricardo Botelho.

Passenger traffic in Latin America and Caribbean (LAC) nearly reached pre-pandemic levels in April

In April 2023, 29.1 million passengers were carried in LAC, which is 0.2% below the passengers carried in the same month in 2019.

LAC resumed its position this month as the world's fastest recovering region with 99.8%, while Africa dropped back to second place with 96.6% of its 2019 levels. The Middle East reached 95.7%, North America 93.7%, Europe 85.3%, and Southeast Asia remained as the region with the lowest recovery with 83.2%. Despite the progress in the recovery of LAC, in general all the world's regions showed a deceleration vs. the immediately preceding month.

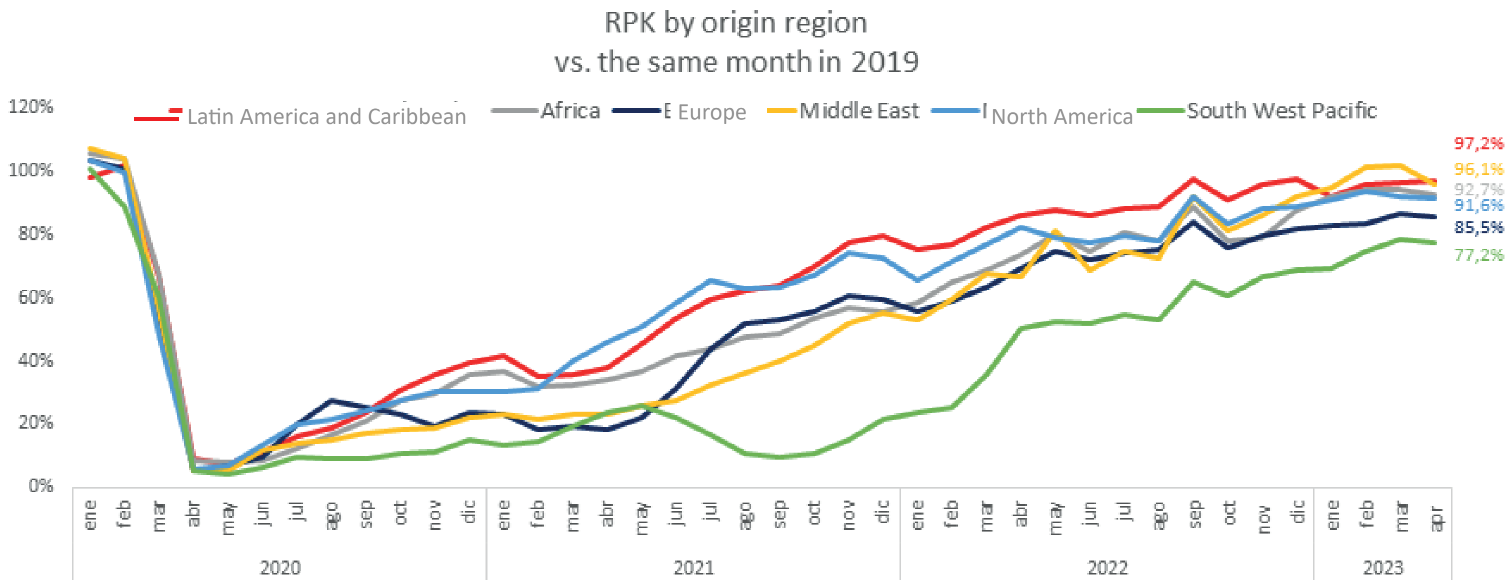


Note: LAC region includes Mexico.
Source: Amadeus

Passenger transport by region measured in RPK

In April 2023, LAC became the region with the highest RPK (Revenue Passenger Kilometer) recovery, reaching 97.2% of its 2019 levels. The Middle East ranked second with 96.1%, Africa reached 92.7%, North America 91.6%, Europe 85.5% and Southeast Asia 77.2%.

RPK by origin region vs. the same month in 2019



Source: Amadeus

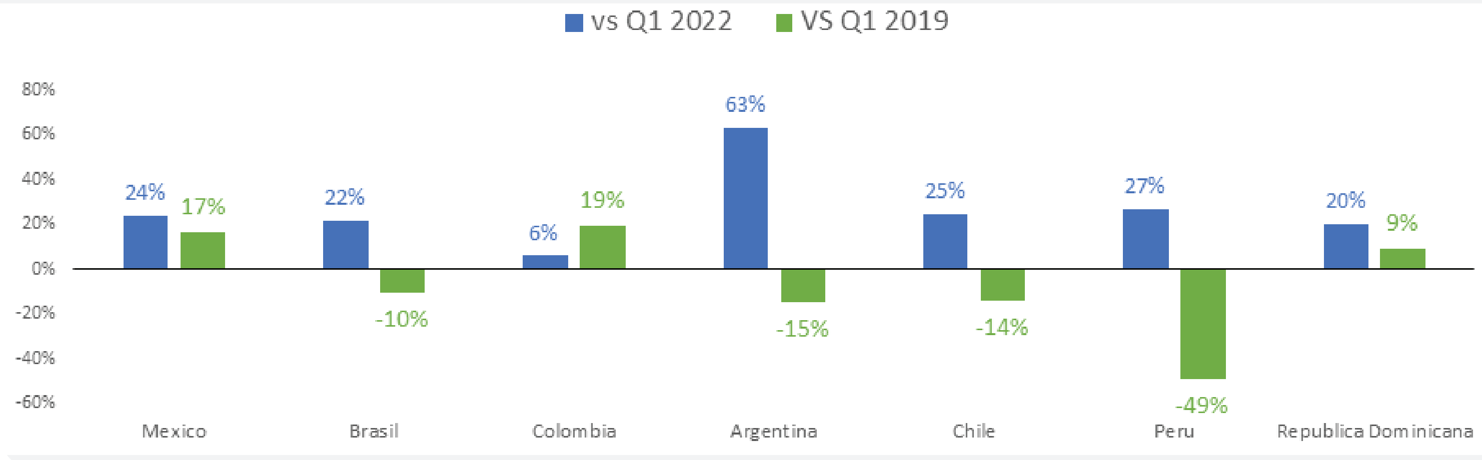
In the first quarter of 2023, Mexico exceeds Brazil as the largest market

Brazil has historically represented the largest market in the region. In the first quarter of 2019, 30.6 million passengers were carried in Brazil and 24.8 million in Mexico. However, in Q1 2023, Mexico carried 29 million total passengers exceeding Brazil which had a total of 27.4 million. Mexico outpaced its 2019 levels by 17% while Brazil remained 10% below and both countries have exceeded their 2022 levels.
Mexico's accelerated growth is driven by international passengers, who now represent 50% of total passengers. In pre-pandemia, this share was 47%. Being a neighbor of the United States is also a great advantage. The U.S. is the largest source of international tourists after China. Therefore, it is not surprising that while Mexico had 14.4 million international passengers in Q1 2023, Brazil had only one third (5 million).

Meanwhile, Brazil has a passenger structure that is very focused on domestic traffic. In 2019, 80% of passengers were domestic (95 million) and, in Q1 2023, domestic passengers represented 82% (22 million).

Both countries grew compared to 2022. Also showing growth: Argentina at 63% growth vs. the previous year, Colombia at 19% (being the country with the strongest recovery), Dominican Republic at 9%.

Total passenger growth percentage in Q1 2023 vs. 2022 and 2019
Ranked from left to right according to Q1 2023 market size (where left is the largest market)

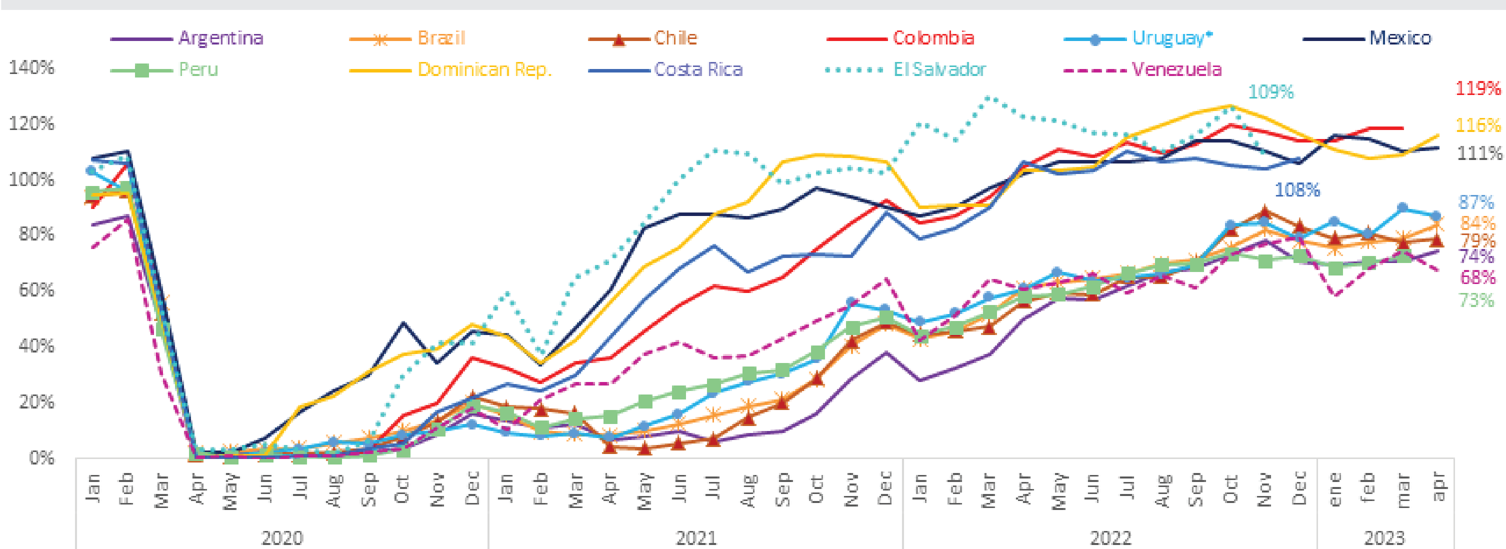


Millions total passengers in 1Q23
Source: Civil aviation authorities from each country

International Passengers

In April 2023, Mexico grew by 11% compared to its 2019 levels and Dominican Republic grew by 16%. Uruguay, Brazil, Chile, Argentina and Venezuela were at 87% 84%, 79%, 74% and 68% of their 2019 levels, respectively. In March 2023, Peru reached 73% of its 2019 levels.

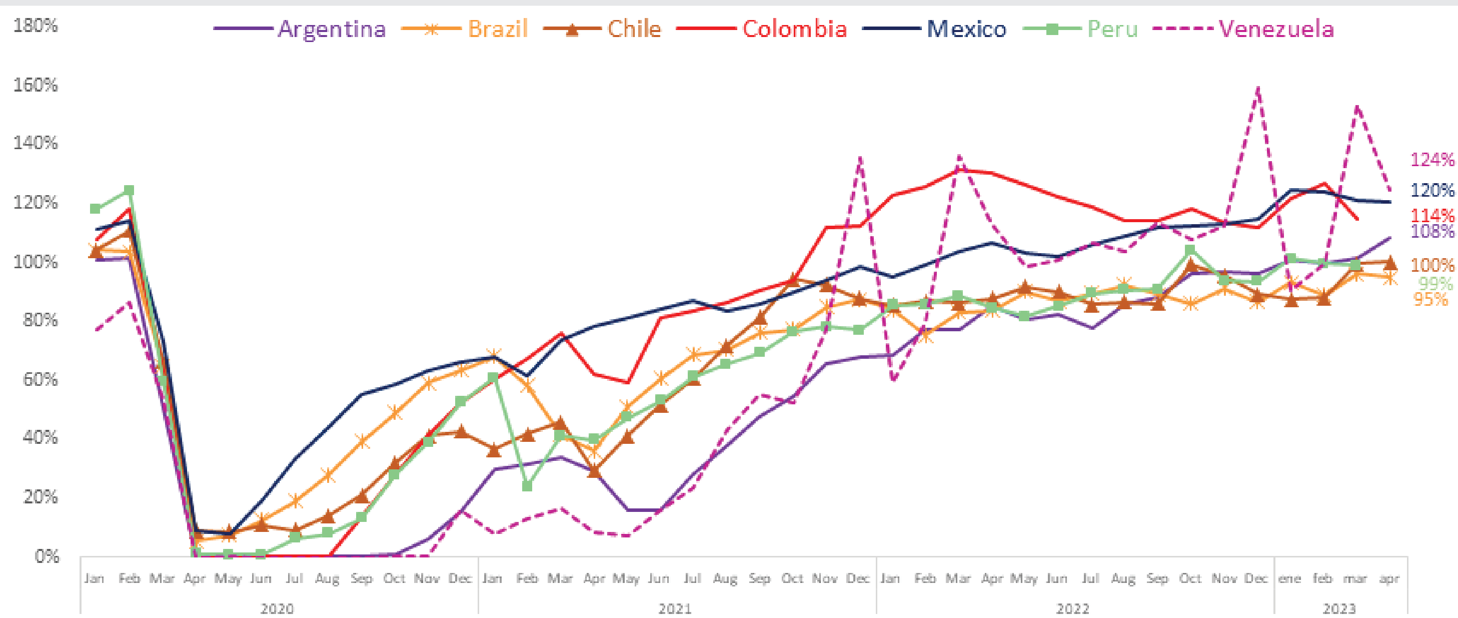
International pax (vs. same month in 2019)



Domestic passengers

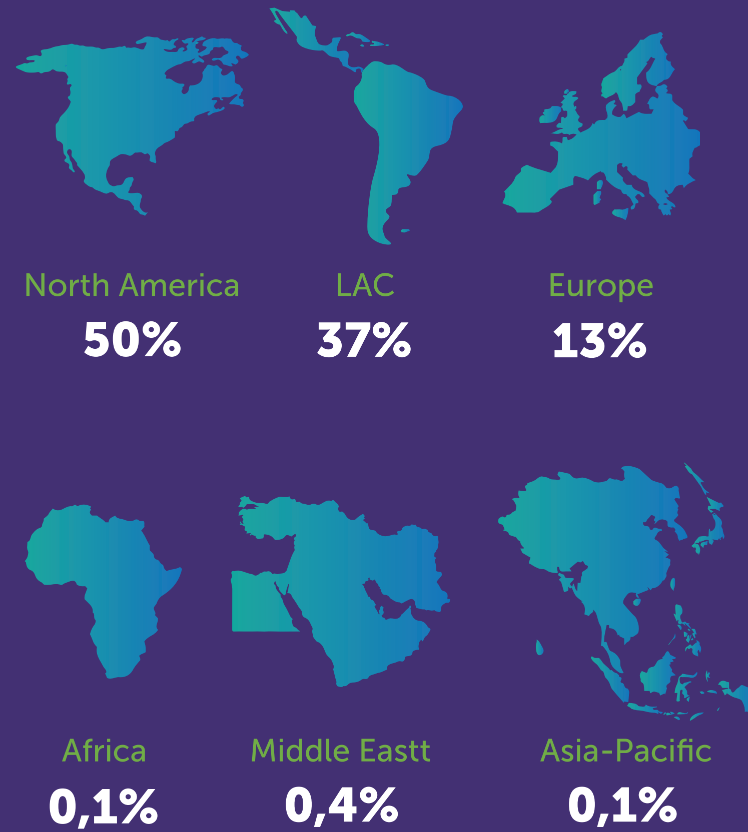
In April 2023, Mexico was 20% above its pre-pandemic levels. This month also brought very positive growth for Argentina and Chile. Argentina reached an 8% growth and Chile for the second time in a row reached its pre-pandemic levels. On the other hand, Brazil came closer to its pre-pandemic levels reaching 95% and, according to March 2023 data, Peru showed again a 99% domestic recovery. Venezuela exceeded its pre-pandemic levels with a strong variation in its passengers carried vs. the previous month.

Domestic Pax (vs. the same month in 2019)



Source: Aviation authorities from each country.

Distribution by destination region of passengers originating travel in LAC



El 50% de los pasajeros internacionales en LAC tienen como destino Norteamérica, el 37% otro país en LAC y 13% Europa.

Source: Amadeus

Domestic cargo in the main countries of the region, still below their 2019 levels

In April 2023, domestic cargo in countries such as Brazil, Chile, Colombia and Mexico did not exceed their pre-pandemic levels even though Colombia and Mexico have outstandingly exceeded their domestic passenger traffic levels.

Passengers, RPK, ASK and load factor

ALTA	April					Growth				Cumulative (January-April)					Growth			
	2019	2020	2021	2022	2023	2020/2019	2021/2019	2022/2019	2023/2019	2019	2020	2021	2022	2023	2020/2019	2021/2019	2022/2019	2023/2019
Passengers	**29,207,571**	**4,081,480**	**13,331,149**	**26,041,261**	**29,161,182**	**-86.0%**	**-54.4%**	**-10.8%**	**-0.2%**	**120,453,331**	**86,367,356**	**55,420,331**	**101,371,930**	**118,805,257**	**-28.3%**	**-54.0%**	**-15.8%**	**-1.4%**
Domestic	18,736,635	3,306,059	9,471,372	17,494,421	19,194,947	-82.4%	-49.4%	-6.6%	2.4%	76,862,464	57,284,768	41,652,862	69,827,318	78,416,744	-25.5%	-45.8%	-9.2%	2.0%
Intra-LAC	4,109,131	392,066	798,830	2,857,779	3,674,843	-90.5%	-80.6%	-30.5%	-10.6%	17,496,648	11,801,577	3,519,064	10,405,972	15,304,946	-32.5%	-79.9%	-40.5%	-12.5%
Extra-LAC	6,361,805	383,355	3,060,947	5,689,061	6,291,392	-94.0%	-51.9%	-10.6%	-1.1%	26,094,219	17,281,012	10,248,404	21,138,639	25,083,566	-33.8%	-60.7%	-19.0%	-3.9%
RPK (millions)	**51,071**	**4,715**	**19,269**	**43,978**	**49,662**	**-90.8%**	**-62.3%**	**-13.9%**	**-2.8%**	**213,207**	**148,437**	**80,305**	**170,727**	**203,326**	**-30.4%**	**-62.3%**	**-19.9%**	**-4.6%**
Domestic	16,703	3,011	9,095	16,456	18,018	-82.0%	-45.5%	-1.5%	7.9%	69,968	52,527	41,066	67,195	73,858	-24.9%	-41.3%	-4.0%	5.6%
Intra-LAC	7,915	458	1,380	5,618	7,069	-94.2%	-82.6%	-29.0%	-10.7%	34,317	22,882	6,861	20,676	30,147	-33.3%	-80.0%	-39.8%	-12.2%
Extra-LAC	26,453	1,245	8,794	21,903	24,575	-95.3%	-66.8%	-17.2%	-7.1%	108,921	73,029	32,378	82,857	99,321	-33.0%	-70.3%	-23.9%	-8.8%
***ASK (millions)**	**61,565**	**8,070**	**28,093**	**53,880**	**61,310**	**-86.9%**	**-54.4%**	**-12.5%**	**-0.4%**	**258,785**	**200,742**	**119,334**	**214,172**	**251,465**	**-22.4%**	**-53.9%**	**-17.2%**	**-2.8%**
Domestic	20,419	5,367	12,084	20,519	22,545	-73.7%	-40.8%	0.5%	10.4%	85,432	70,317	55,218	82,986	92,293	-17.7%	-35.4%	-2.9%	8.0%
Intra-LAC	9,618	678	2,372	7,045	9,072	-92.9%	-75.3%	-26.8%	-5.7%	41,647	31,604	10,828	26,829	38,356	-24.1%	-74.0%	-35.6%	-7.9%
Extra-LAC	31,529	2,024	13,638	26,316	29,692	-93.6%	-56.7%	-16.5%	-5.8%	131,707	98,821	53,287	104,357	120,817	-25.0%	-59.5%	-20.8%	-8.3%
***Load Factor**	**83.3%**	**59.6%**	**66.6%**	**81.0%**	**80.5%**	**-23.7 pts**	**-16.7 pts**	**-2.3 pts**	**-2.8 pts**	**82.5%**	**74.0%**	**65.0%**	**80.0%**	**80.5%**	**-8.5 pts**	**-17.5 pts**	**-2.5 pts**	**-2.0 pts**
Domestic	81.8%	56.1%	75.3%	80.2%	79.9%	-25.7 pts	-6.5 pts	-1.6 pts	-1.9 pts	81.9%	74.7%	74.4%	81.0%	80.0%	-7.2 pts	-7.5 pts	-0.9 pts	-1.9 pts
Intra-LAC	82.3%	67.6%	58.2%	79.7%	77.9%	-14.7 pts	-24.1 pts	-2.6 pts	-4.4 pts	82.4%	72.4%	63.4%	77.1%	78.6%	-10.0 pts	-19.0 pts	-5.3 pts	-3.8 pts
Extra-LAC	83.9%	61.5%	64.5%	83.2%	82.8%	-22.4 pts	-19.4 pts	-0.7 pts	-1.1 pts	82.7%	73.9%	60.8%	79.4%	82.2%	-8.8 pts	-21.9 pts	-3.3 pts	-0.5 pts

Source: Amadeus * ALTA estimates based on reporting by member airlines

In April, 29.1 million passengers were carried in the region, representing 0.2% marginally below pre-pandemic levels. Domestic traffic grew by 2.4% above 2019, extra-LAC international traffic reached 1.1% below, while intra-LAC continued to be the slowest to recover at 10.6% below its 2019 levels. For the cumulative January-April period, 118.8 million passengers were carried, 1.4% below 2019.

RPKs, for the domestic case, have recovered the fastest with 7.9% above their 2019 levels, while total RPK (domestic + international) reached 2.8% below their 2019 levels.

In terms of relative capacity, i.e. Available Seats Kilometer (ASK), domestic recovered quickly and reached 10.4% above its 2019 levels. Meanwhile, total ASK (domestic + international) reached 0.4% below its 2019 levels.

Total load factor reached 80.5%, 2.8 points below 2019 levels. Domestic was 79.9%, intra-LAC was 77.9% and extra-LAC was 82.8%.

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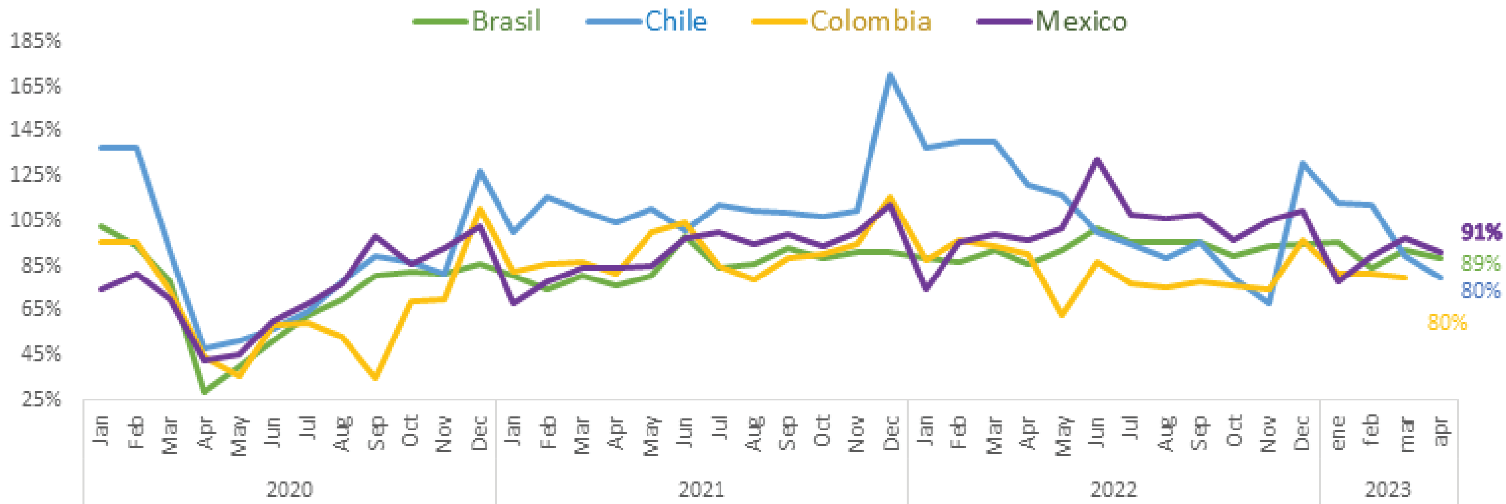
Domestic demand (vs. the same month in 2019)



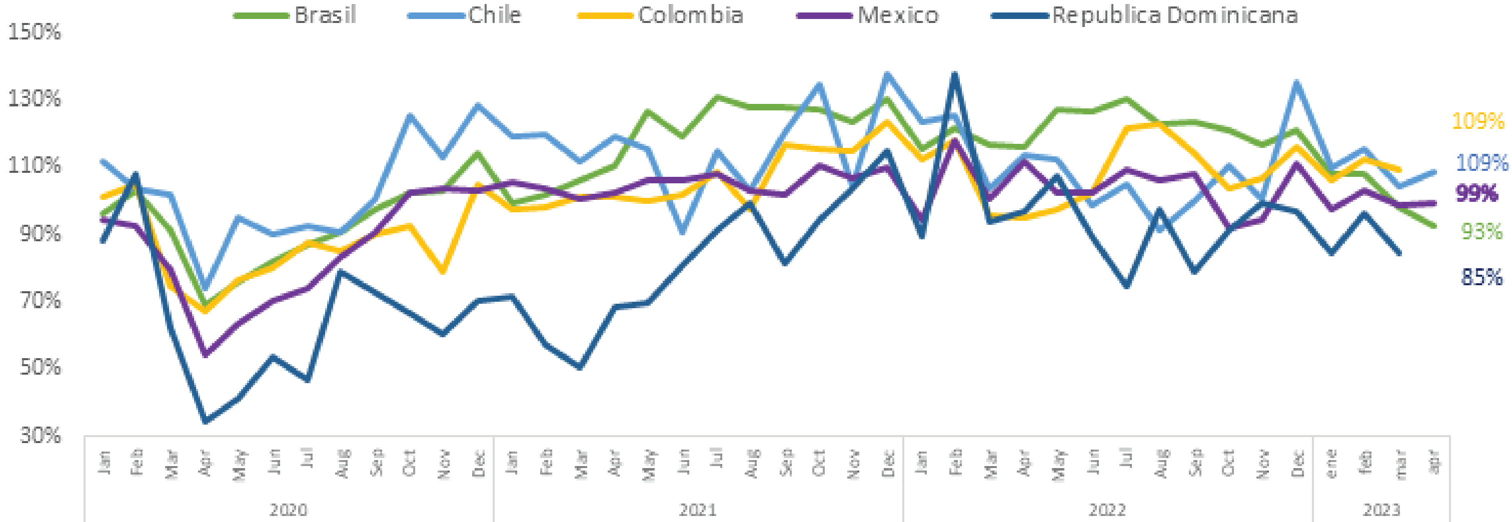
Source: Aviation authorities from each country.

International cargo: unequal recovery and contrast with traffic levels vs. 2019

Only two countries have exceeded their pre-pandemic levels: in March, Colombia grew by 9% and in April Chile also grew by 9%. Mexico almost reached its pre-pandemic levels with 99%, Brazil 93% and Dominican Republic 85%.

The second chart below shows the growth in passengers and cargo for the main markets in the region, ranked from left to right (from highest to lowest according to cargo transported in kg). In Chile, cargo levels contrast vs. 2019 with 9% above, while international traffic is still 21% below. It is similar in the case of Dominican Republic where international cargo was 15% below, however, traffic grew by 16%. Colombia is the only country in the sample that reported positive growth for both cases and Mexico almost reached its 2019 levels in terms of international cargo. Brazil in both cases remains below.

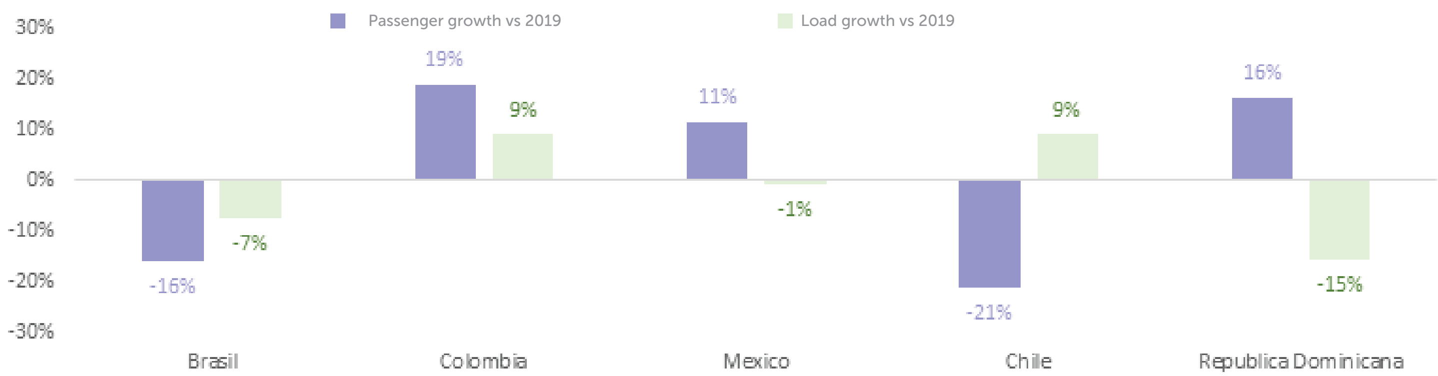
International demand (vs. the same month in 2019)



Source: Aviation authorities from each country.

% change in international passenger and cargo vs. 2019

Ranked from left to right by market size in KG cargo in April 2023 (where left is the largest market)



Data from Colombia and the Dominican Republic available until March 2023

Source: Aviation authorities from each country.

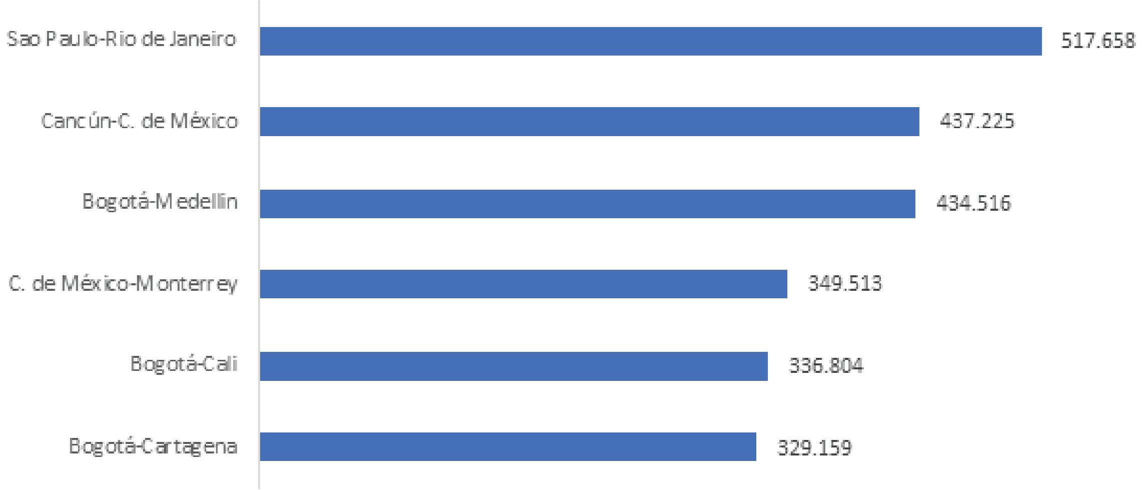
Cargo carrying capacity is related to passenger carrying capacity.

Approximately 50% of cargo is transported in the holds of passenger aircraft.

Number of total scheduled seats on the busiest routes in LAC in May 2023

The route with the highest number of seats available in May was Sao Paulo (CGH)-Rio de Janeiro (SDU) with a total of 517,658 seats deployed. Out of these, the route with the longest distance was Cancun (CUN)-Mexico City (MEX) with an average distance of 1,284 km.

Total number of seats according to route originating in LAC and average flight distance

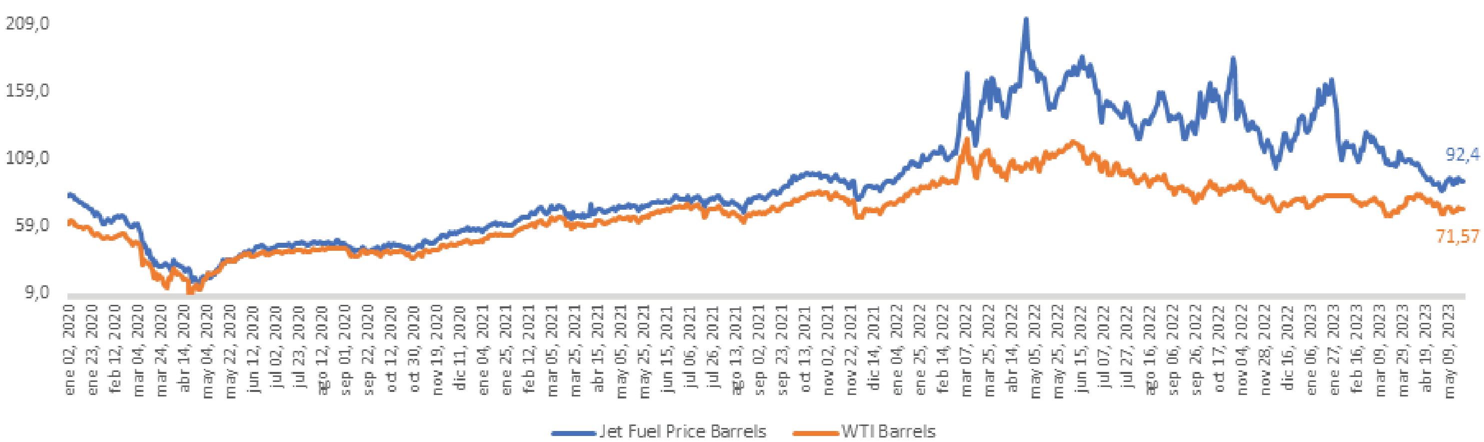


Source: Amadeus

Fuel prices

Jet Fuel and WTI (West Texas Intermediate)

Jet Fuel & Crude Oil Price WTI (Dolars per barrel), May 22



Source: US Energy Information Administration

By May 22, 2023, the Jet fuel price was 30% above May 2021, while the WTI crude oil price was 13% above. It represents a reduction in the price increase suffered by such goods vs. previous months.

Throughout May, the jet fuel price decreased to US$85.8 per barrel, one of the lowest prices so far this year. However, the differential between a barrel of oil and the jet fuel prices remained high, such that, while in January 2021, the price of jet fuel was 14% higher than that of oil, as of May 22, 2023, this price differential was 29%.

ALTA

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Editor's Notes:

- Further information, announcements, and ALTA positions follow us at Twitter and Instagram: ALTA_aero and at Linkedin: ALTA - Latin American & Caribbean Air Transport Association
- Content data are estimates and are subject to review

PS: an apology is offered to the reader as you will notice a discrepancy with our last edition (Traffic Report for March) where Brazil represented the first largest market in terms of passengers in Q1 2023 followed by Mexico. ALTA draws on different sources, so the information and analysis may vary depending on these sources. The source for this information is the aviation authorities from each country.