



Dear readers,

The September Air Passenger Traffic Report for Latin America and the Caribbean is a source of pride, as it showcases the resilience and dedication of everyone working in and for the aviation sector in the region. It is very satisfying to report that, in September, passenger traffic in Latin America exceeded the volumes recorded in the same month of 2022 by 8.1%, which also represents a 5.1% growth compared to September 2019.

This is indeed a significant milestone.

The intra-regional international market not only continued its growth trajectory with a 24.5% increase compared to 2022, but also, and for the first time since the end of the pandemic, exceeded 2019 traffic levels (+1.8%). This progress represents a very positive sign for the recovery of the aviation sector in the region.

Moreover, the data exposed in this report developed by ALTA's team highlights that, during 3Q 2023, almost 116 million passengers traveled to and from the region, representing an 11% increase compared to 3Q 2022, a figure also translating into 6% more than in the same period of 2019 (3Q 2019).

Data presented below make it clear that the recovery of aviation in Latin America and the Caribbean is still in progress and has a bright future that could definitely be more promising if we understand this sector as an economic and social dynamizer, as a support arm of the States to generate wellbeing and opportunities. Only through collaborative work between the States and the industry, led by the cooperation of all involved, we will be able to overcome challenges such as outdated regulations, inflation, shortage of skilled labor and legal uncertainty, costs harming passengers, among others.

Despite these challenges, the industry is committed to continuing its recovery for users. The airlines are investing in becoming more efficient and in generating greater wellbeing for our societies; that is the same premise that our governments have. Let us shake hands and work together.

Thanks for your attention.

Enjoy reading!

José Ricardo Botelho,
ALTA Executive Director & ALTA's & CEO.



Latin America and the Caribbean (LAC) recorded an 8.1% growth in September 2023 vs. 2022

In September 2023, Latin America and the Caribbean (LAC) carried 34.4 million passengers with an 83.3% load factor, achieving an 8.1% significant traffic growth vs. the same month in 2022. Domestic traffic increased 4.6% vs. the previous year and international traffic (which includes intra- and extra-regional) grew by 8%. TNotably, the 5.1% increase in September 2023, relative to September 2019, represents the highest year-to-date percentage increase since pre-pandemic levels. In addition, it is noteworthy that total passenger volume during Q3 2023 reached almost 116 million, exceeding 11% over 3Q2022.



Domestic market

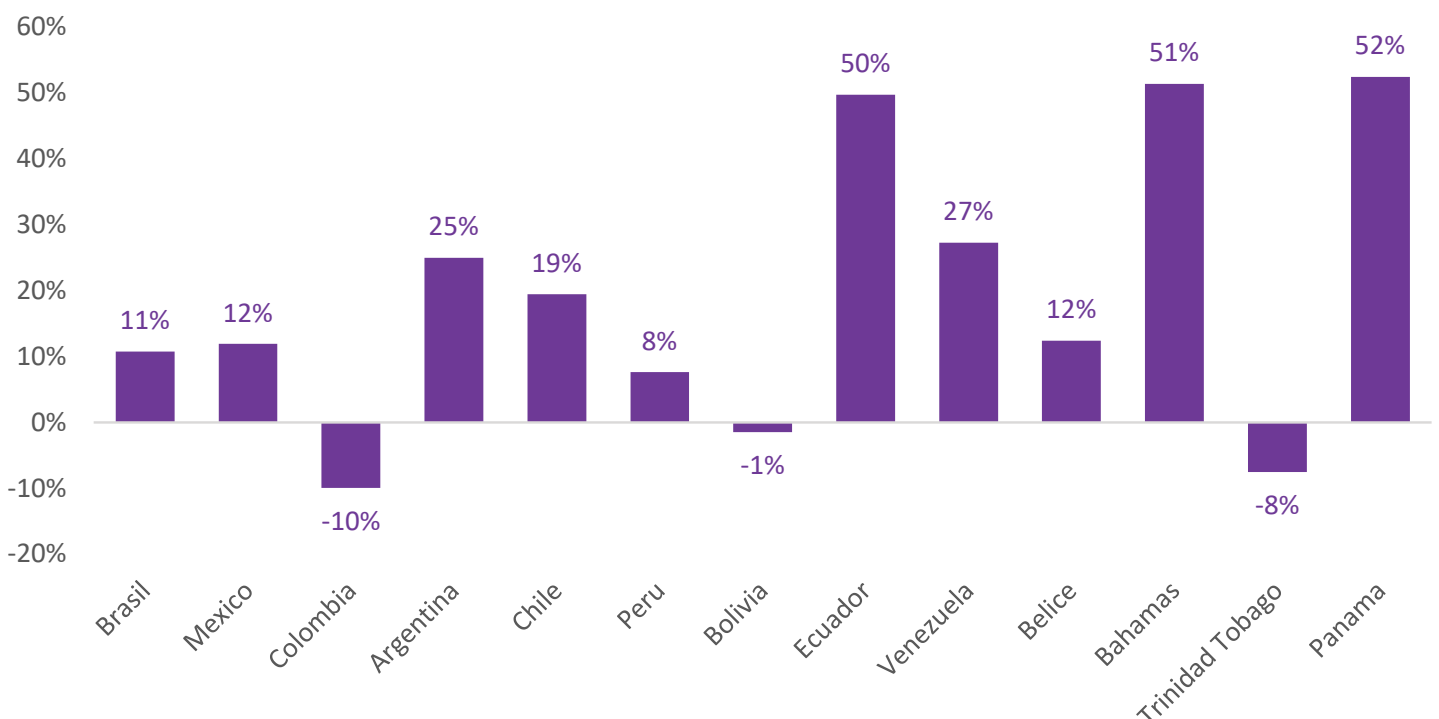
During this month, Mexico experienced an 8% increase in passenger traffic vs. the same period last year. The Cancun-Mexico City route reflected a 13% reduction in frequencies compared to 2022, while the Mexico City-Oaxaca route recorded a 16% increase.

Meanwhile, Colombia saw an 11% reduction in its domestic market from 2022. The Bogota-Medellin route, which has the highest domestic frequency and is the second most important regionally, experienced a 9% reduction compared to the same month in 2022, amounting to 2,397 flights in September.

Argentina reported a 23% growth in its domestic market compared to 2022, with significant frequency increases on the Bariloche-Ezeiza (73%) and Ezeiza-Puerto Iguazú (106%) routes. Chile, on the other hand, grew by 21% vs. its 2022 figures, while Brazil had a 9% increase, where the domestic Rio de Janeiro (GIG)-Sao Paulo (GRU) route stood out, showing a 88% increase in frequencies compared to September 2022.

In Q3 2023, domestic passenger flow in the region reached 65.1 million, representing a 9% increase over the same quarter of the previous year. Ecuador showed a 50% increase in domestic passengers compared to Q3 2022, with a notable increase in capacity on the Galapagos-Quito route, which rose 15%. In contrast, Colombia showed a 10% decrease in domestic traffic, and specifically the Cartagena-Medellin route experienced a 46% decrease in capacity offered.

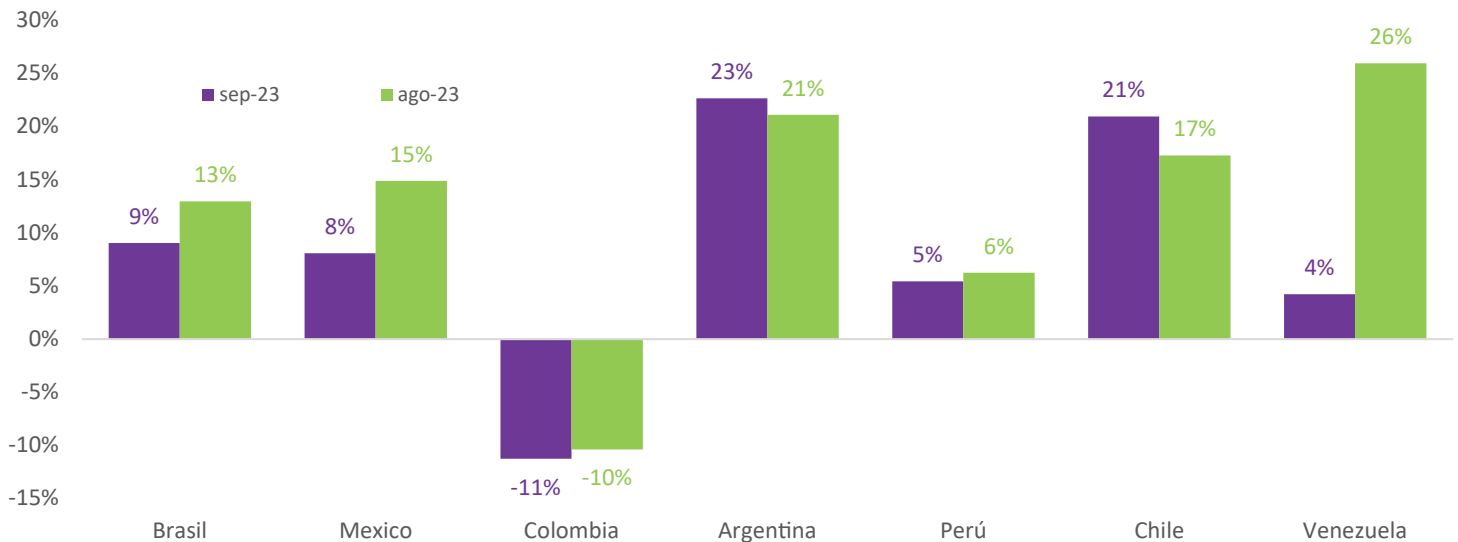
Domestic passenger traffic growth (Q3 2023 vs. Q3 2022)





Domestic Pax (compared to the same month in 2022)

Ranked from highest to lowest according to passenger traffic



Source: ALTA analysis, using data from aviation authorities of each country and Amadeus

International market

In September 2023, Colombia experienced a 30.1% significant increase in international passenger traffic compared to 2022, radding 390,794 travelers. This increase is largely attributed to an increase in flights on routes such as Bogota-Guayaquil, which experienced a 61% increase over the previous year, Bogota-San Jose with 36%, and Fort Lauderdale-Medellin with 59%.

The Dominican Republic recorded an 11% increase in passenger traffic compared to 2022, tfueled by significant increases on routes from Mexico and Cuba, which rose by 194% and 63%, respectively. Additionally, the Caracas-Santo Domingo and Bogota-Santo Domingo international routes saw increases of 29% and 25%, respectively.

Mexico showed a 3% growth in international traffic, with the Cancun-Havana route showing a 148% increase in flights compared to 2022 and the Havana-Merida route with a 91% increase.

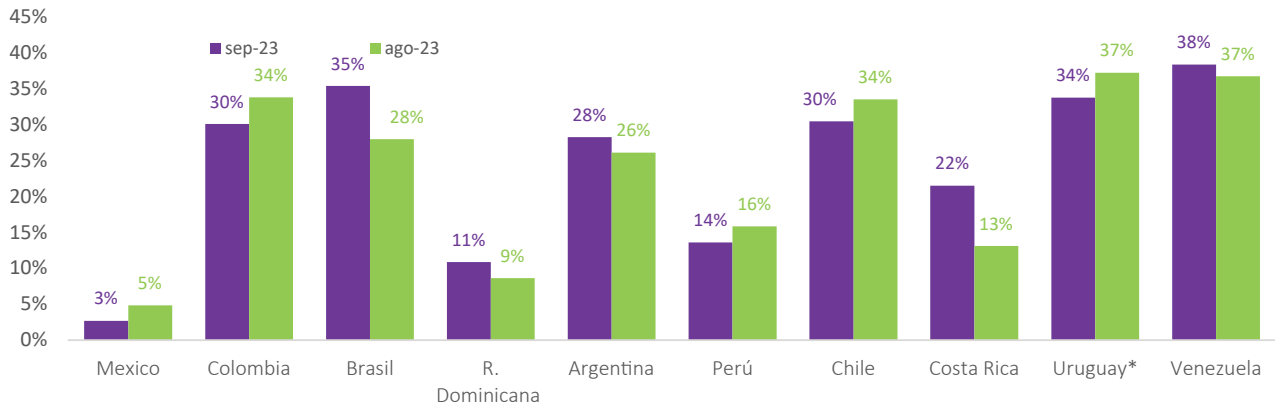
Brazil exceeded 2022 traffic levels by 35% and came within 3% of 2019 levels, driven by 97% growth in flights to Chile and 49% to Uruguay compared to September 2022. Argentina recorded a 28% increase in international traffic, with a 50% increase in flight frequencies to and from Peru compared to 2022. Chile exceeded its figures for the previous year by 30%, with the Rio de Janeiro (GIG)-Santiago route showing a 103% increase in frequencies.

During Q3 2023, 50.8 million international passengers traveled to and from the region, 15% more than in the same period of the previous year. Venezuela stood out in this quarter as one of the countries with the largest growth in international passengers, with an 11% increase in seats offered to and from Panama. Chile and Uruguay also showed an outstanding performance, with increases of 32% and 34%, respectively.

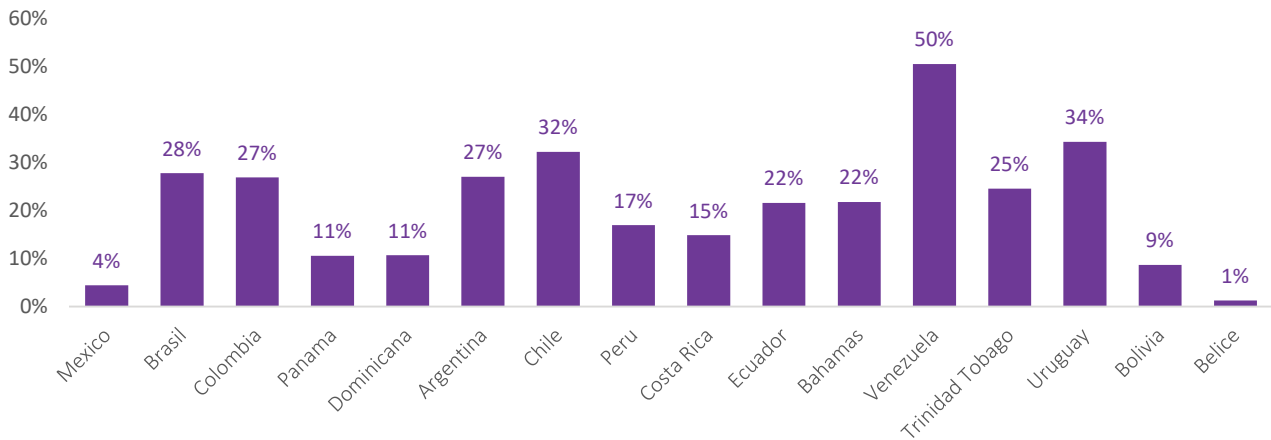


International Pax (compared to the same month in 2022)

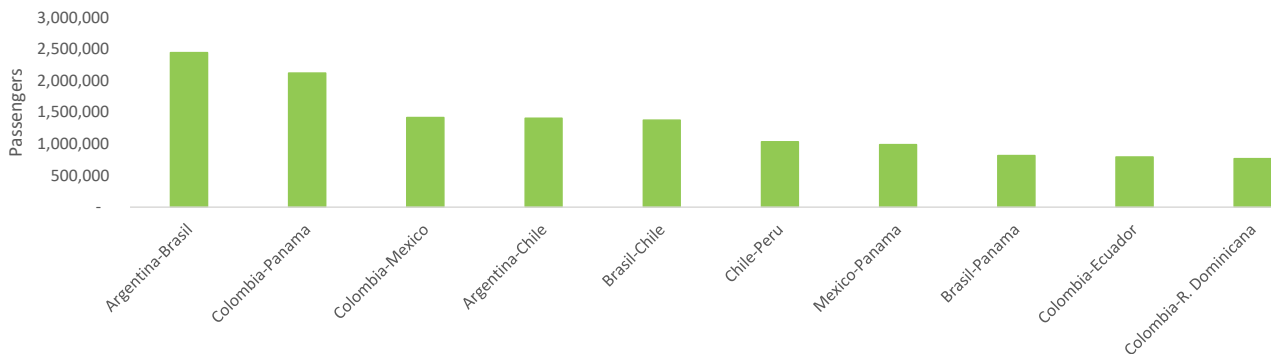
Ranked from highest to lowest according to passenger traffic



International passenger traffic growth in Q3 2023 vs. Q3 2022



Top-10 intra-regional international markets in 2023 (January-September)



Source: ALTA analysis, developed using data from aviation authorities of each country and Amadeus. *Airports in Uruguay.



Passenger market, RPK, ASK and load factor in September

	September		Growth		Cumulative (January-September)		Growth	
	2022	2023	2023/2022	2023/2019	2022	2023	2023/2022	2023/2019
Passengers	31.825.939	34.411.188	8.1%	5.1%	291.067.136	335.489.763	15.3%	3.3%
Domestic	19.185.948	20.075.672	4.6%	2.9%	165.628.997	183.967.894	11.1%	4.1%
Intra-LAC	3.270.720	4.073.459	24.5%	1.8%	26.633.643	36.323.809	36.4%	-6.1%
Extra-LAC	9.369.271	10.262.057	9.5%	11.0%	98.804.495	115.198.060	16.6%	5.4%
RPK(millions)	63.498	70.057	10.3%	2.6%	594.139	695.181	17.0%	0.2%
Domestic	17.837	18.627	4.4%	7.5%	157.198	172.275	9.6%	8.6%
Intra-LAC	6.507	7.750	19.1%	-0.5%	53.007	70.139	32.3%	-6.9%
Extra-LAC	39.154	43.680	11.6%	1.1%	383.934	452.767	17.9%	-1.5%
*ASK(millions)	76.333	83.376	9.2%	4.5%	728.325	829.485	13.9%	-0.6%
Domestic	21.753	22.539	3.6%	6.0%	194.552	210.956	8.4%	9.3%
Intra-LAC	8.134	9.451	16.2%	-1.2%	67.268	87.346	29.8%	-4.5%
Extra-LAC	46.446	51.385	10.6%	4.9%	466.505	531.183	13.9%	-3.5%
*Load Factor	82.4%	83.3%	0.9 pts	-1.2 pts	81.0%	82.6%	1.6 pts	-0.5 pts
Domestic	82.0%	82.6%	0.6 pts	1.1 pts	80.8%	81.7%	0.9 pts	-0.6 pts
Intra-LAC	80.0%	82.0%	2.0 pts	0.6 pts	78.8%	80.3%	1.5 pts	-2.1 pts
Extra-LAC	84.3%	85.0%	0.7 pts	-3.2 pts	82.3%	85.2%	2.9 pts	1.7 pts

Source: ALTA analysis, developed using data from Amadeus *ALTA estimates based on reported by member airlines.

In September, 34.4 million passengers were carried in the region, representing an 8.1% increase over 2022 and 5.1% over pre-pandemic levels. Domestic traffic was 4.6% above its 2022 levels, while international extra-LAC traffic kept its growth trend at 9.5%. Intra-LAC international traffic was the market segment with the highest growth compared to 2022, with a 24.5% increase. In the January-September cumulative, 335.5 million passengers were carried, 15.3% more than in 2022.

Revenue Passenger Kilometers (RPKs) for domestic operations were 4.4% higher than in September 2022. Likewise, cumulative domestic RPKs to date reflected a 9.6% increase. In terms of capacity, measured in Available Seat Kilometers (ASKs), the domestic market has shown solid growth, standing 3.6% above 2022 levels for September and 8.4% for the January-September period. As for the total market, September RPKs increased 10.3% over 2022, with 17% cumulative growth. Total ASKs also recorded an increase, standing 9.2% higher in September and 13.9% year-to-date.

In September, total load factor reached 83.3%, 0.9 percentage points above 2022 levels but 1.2 points below 2019. Domestic load factor was 82.6%, intra-regional load factor was 82% and extra-regional load factor stood out with an 85.0% value. Cumulatively, the total load factor was 82.6%, 1.6 percentage points higher than in 2022.



Economic outlook and tendency to travel

After recording a 4.1% growth in 2022, GDP expansion in Latin America and the Caribbean (LAC) is expected to moderate to 2.3% in 2023, with a similar pace projected for 2024. Despite this outlook, the air transport sector forecasts a 15% increase in Revenue Passenger Kilometers (RPK) compared to 2022, as reflected in Graph 1

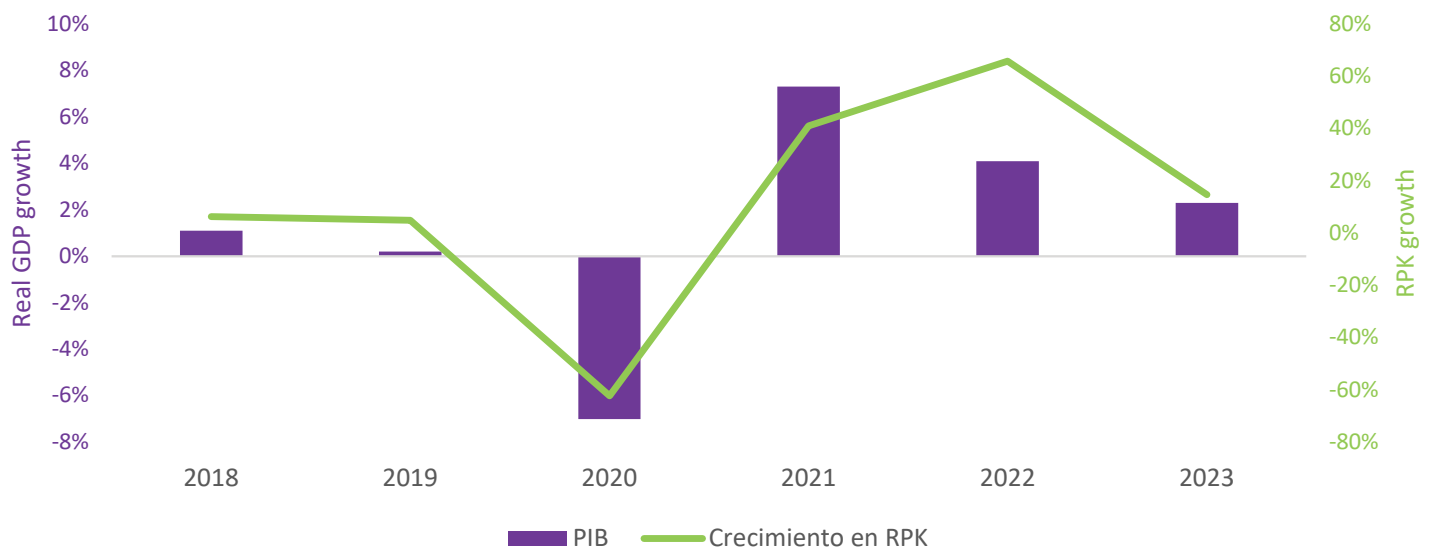
GDP has traditionally been a key driver of demand in air transport, both passenger and cargo. Slower GDP growth could signal a similar trend in the aviation industry. Although the relationship between the two variables is not direct, it is considerably strong, with a determination coefficient (R^2) of 0.63 as shown in Graph 2. Beyond the correlation between income and per capita travel frequency, there are other elements such as geographic location, population, political context, infrastructure and regulatory policies that influence the interest and possibility to travel

Despite this it is important to note that economic growth drives air transport and in turn air transport contributes to increasing a country's wealth. LAC markets have the opportunity to benefit from both economic growth and the potential advantages that could result from infrastructure development or the establishment of reforms and regulations that will drive airline growth and competitiveness

Restrictive monetary policies plus the effects of local currency appreciation in some countries have allowed inflation to continue to decline progressively throughout the region (although price pressures vary from country to country) and even to reach the goals set by the countries themselves. (Graphs 3 and 4)

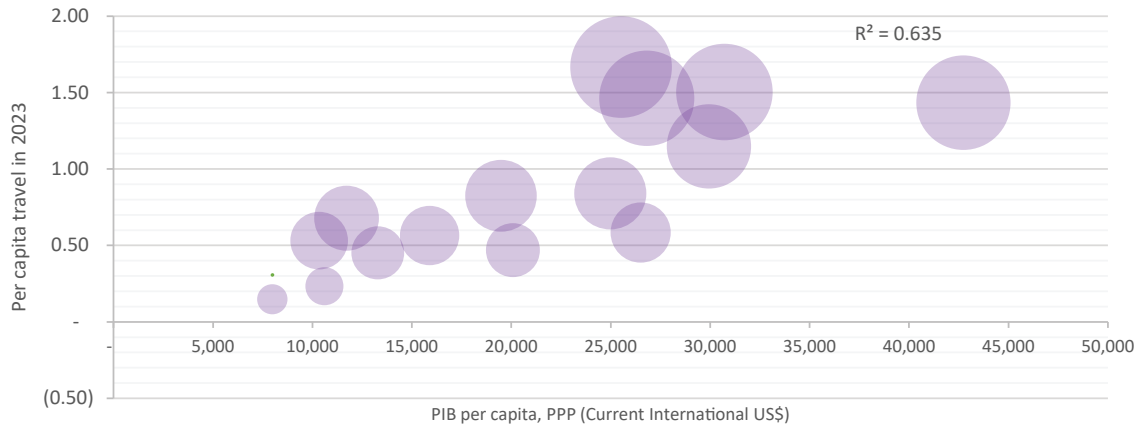
On the other hand, the increase in fuel prices and the volatility experienced over the last two years again put pressure on operating costs and the financial recovery of the airlines (Graph 5)

1. GDP and RPK growth (year-over-year)

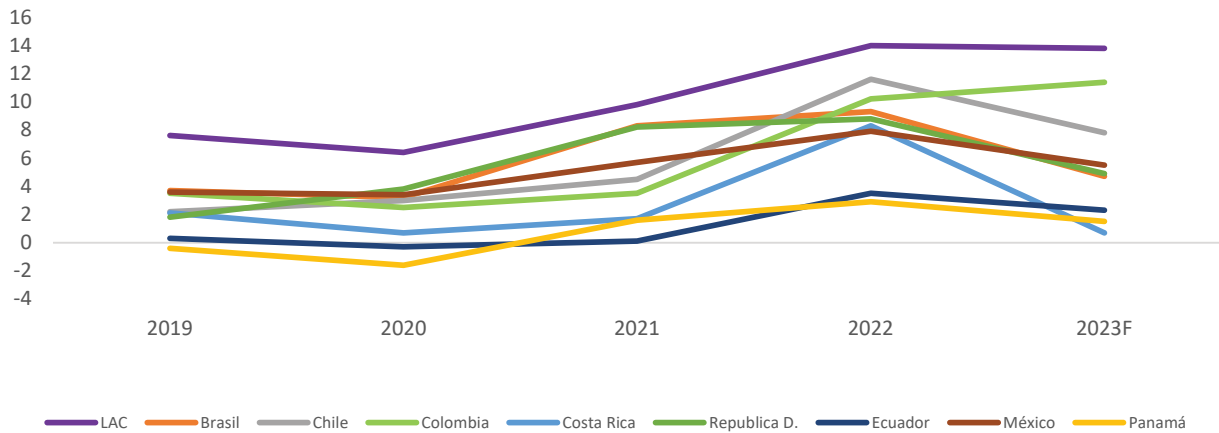




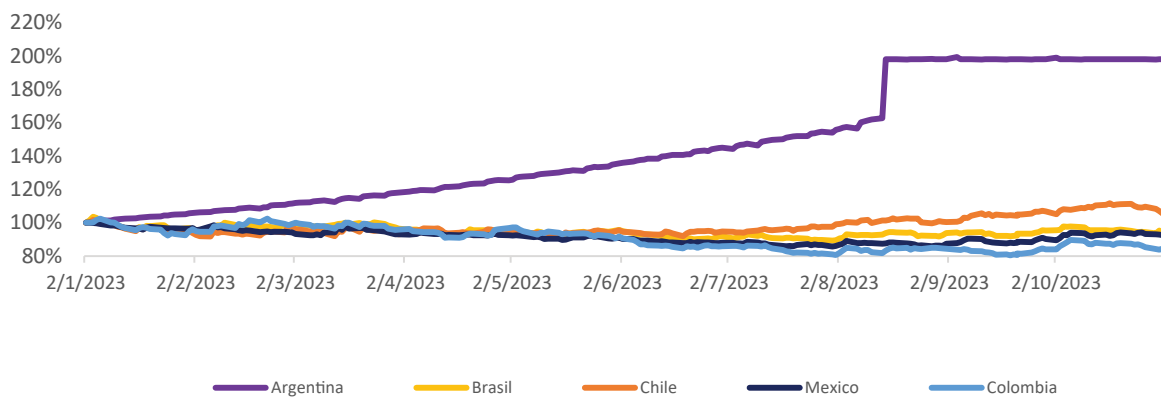
2. Tendency to travel in selected countries in LAC (2023)



3. Inflation for selected countries in LAC



4. Exchange rates (Index January 2023=100) October 31, 2023

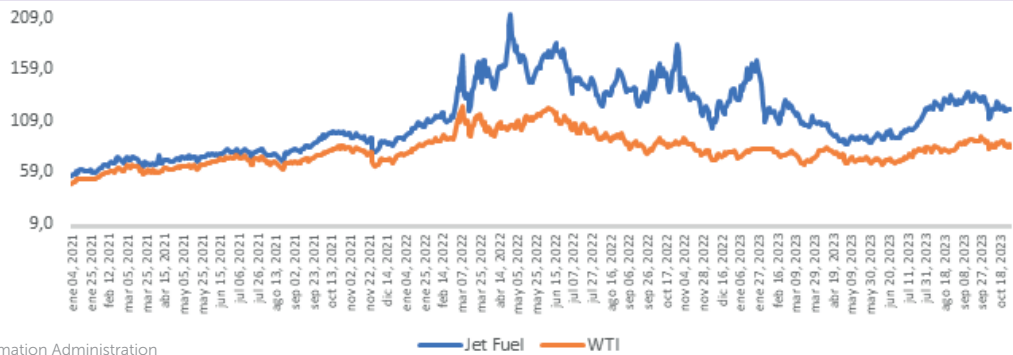




Fuel prices

Throughout October, jet fuel has had an average price of US\$ 121 per gallon, which reflects a 7% decrease compared to the average price in September of US\$ 130.9. Meanwhile, the average price of WTI showed a 4% decrease compared to September 2023. However, on October 6 (prior to the outbreak of the war in the Middle East) the price of crude oil was at US\$ 82.83/gallon and later on October 10 it rose to 85.8, which represented a 4% increase in prices. Given that the outlook is unclear and there is much uncertainty in the social and political environment, it is possible that prices will continue to rise. Since the beginning of July 2023, a clear upward trend had been observed after jet fuel prices had been reduced to US\$ 85.5 per barrel in mid-April.

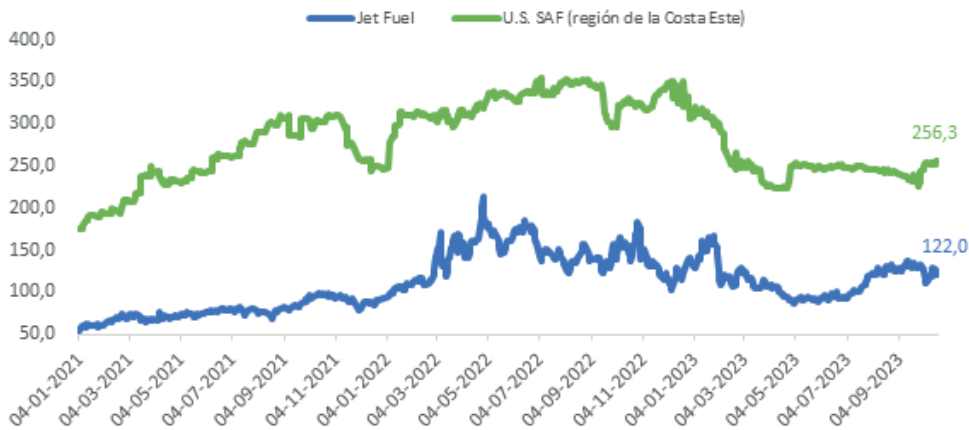
5. Jet Fuel and WTI Crude Oil Price (Dollars per barrel) October 30



Source: US Energy Information Administration

According to S&P Global Commodity insights as of October 20, 2023, the price of SAF was 2.6 times more expensive than regular fuel with an average price throughout September of US\$253.1/Barrel representing a 7.4% increase over September 2023.

6. Sustainable Aviation Fuel (SAF) Price vs. Regular Jet Fuel US\$/Barrel, October 20



Source: S&P Global Commodity Insights & US Energy Information Administration