



Latin America and the Caribbean reaches pre-pandemic passenger levels in September 2022

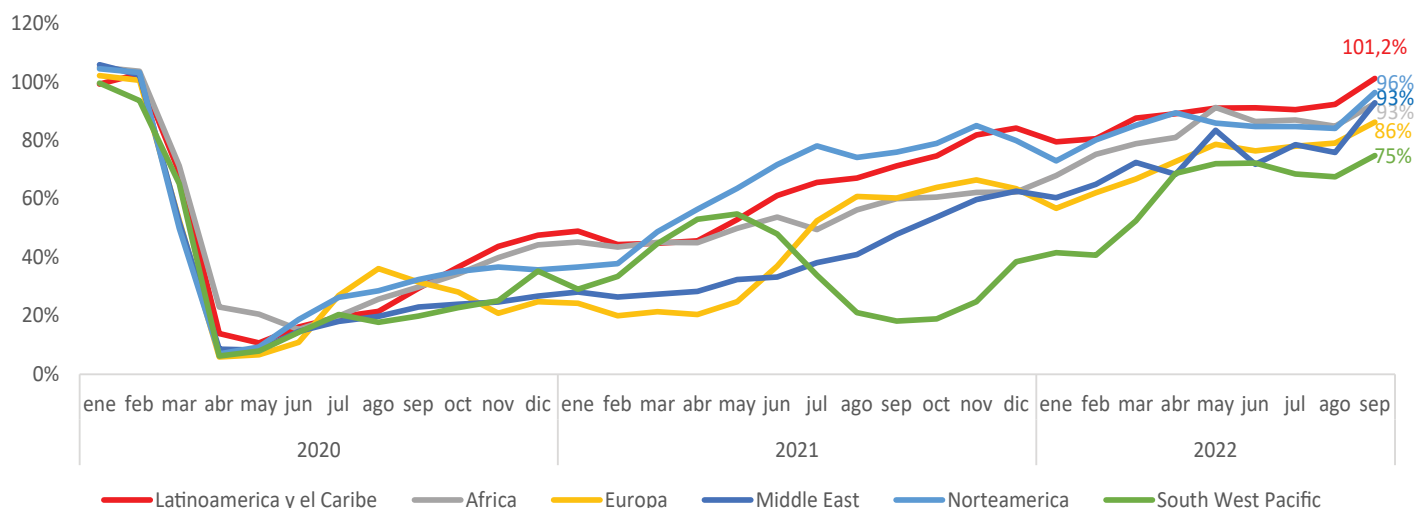
In September 2022, the Latin America and Caribbean (LAC) region reached the same passengers carried in 2019 for the first time, and even exceeded it by 1.2%, the first region in the world to do so.

North America follows with 96% compared to September 2019, Africa and the Middle East with 93%, and Southeast Asia as the region with the slowest recovery with 75% of its 2019 levels.



Passenger Traffic

Passengers by origin region
vs. the same month in 2019

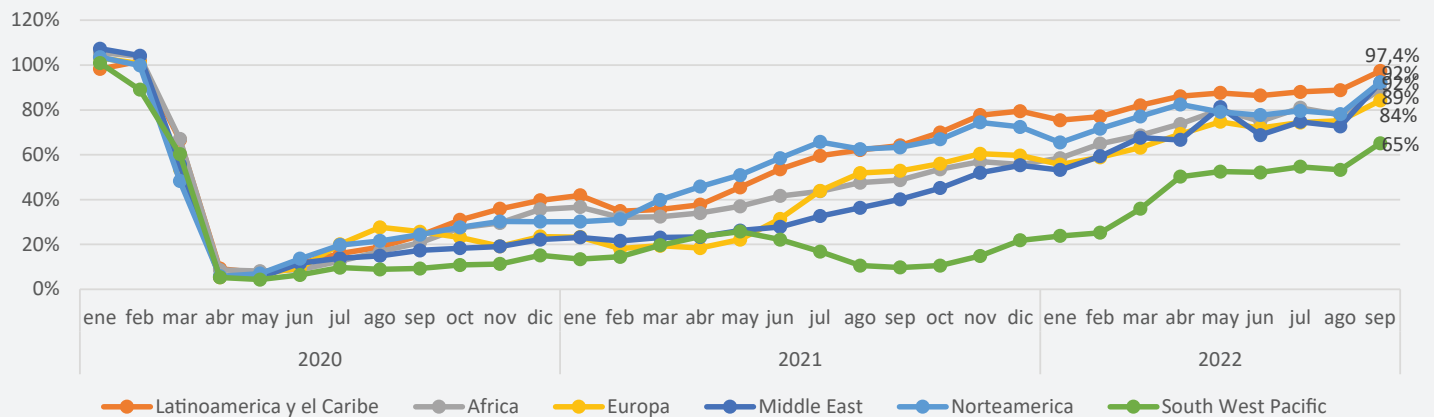




In terms of RPK (revenue passenger kilometer), the region also continues to lead the recovery worldwide however, it has not reached 2019 levels, although it is very close hitting 97.4%. Not surprisingly, passengers have recovered faster than RPKs. This is because many travelers have preferred domestic or short-haul flights to long-haul or transatlantic flights.

North America and the Middle East follow with 92%. Southeast Asia is at 65% of its 2019 levels.

RPK by origin region vs. the same month in 2019

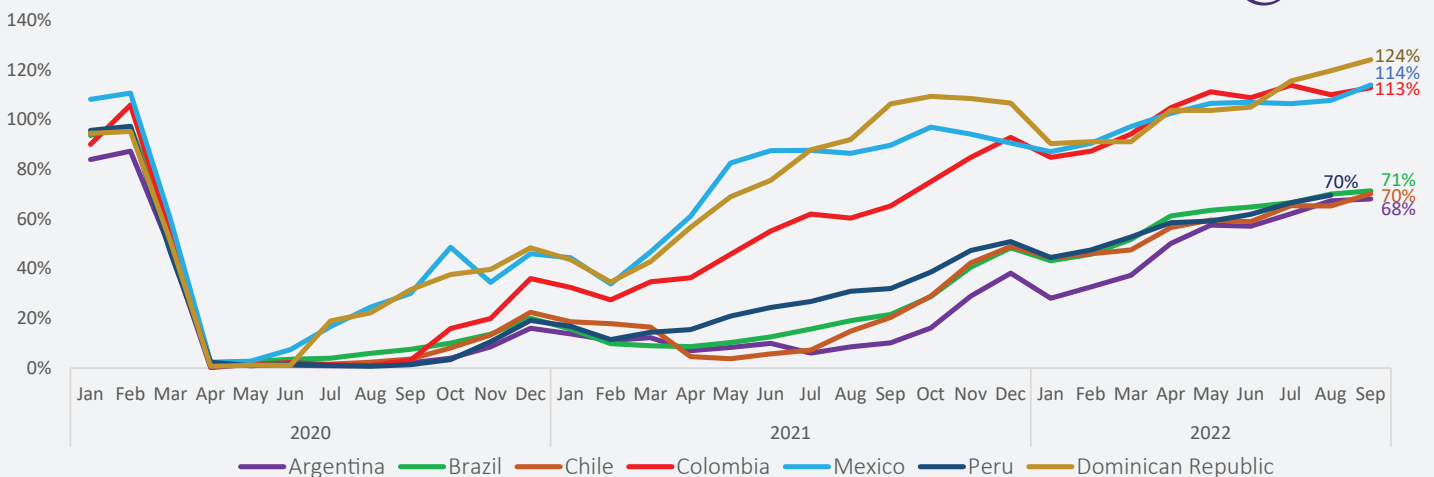


Note: The LAC region includes Mexico.
Source: Amadeus

International Passengers

In the region, three countries continue to stand out, following the growth path in terms of international passengers. In September 2022, the Dominican Republic reached 124% of its 2019 levels, Mexico 114% and Colombia 113% over the same month in 2019.

International pax (vs. the same month in 2019)



Source: Aviation authorities from each country.



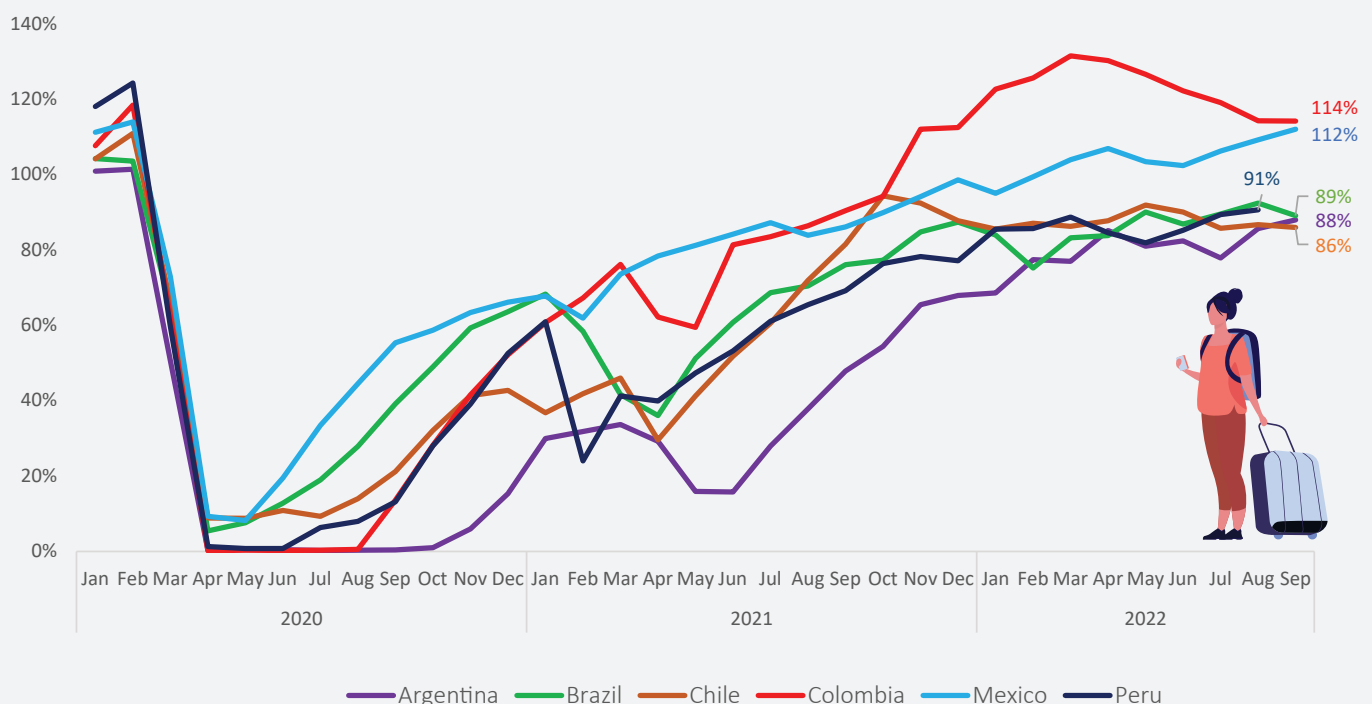
The country with the slowest recovery is Argentina. And it is worth noting that this country is the least competitive in terms of taxes, fees and contributions in the region. According to an estimate made by ALTA, for a US\$ 110 ticket passenger will have to pay approximately US\$ 198 in taxes, fees and contributions, that is, almost 2 times the fare. The second least competitive is Ecuador with an additional US\$ 123.

Domestic Passengers

Domestic air travel, not impacted by international traffic restrictions, has recovered at a faster pace. In September, Colombia had an outstanding recovery reaching again 14% above its 2019 levels, while Mexico reached 12% above its pre-pandemic levels. Brazil continues to improve, reaching 89%, Argentina 88% and Chile is still recovering, reaching 86% of its 2019 passengers. According to August 2022 data, Peru also advanced in its domestic recovery reaching 91%.

Worth noting that by 2023, Colombian domestic air transport may lose some of its dynamism, mainly because the VAT or sales tax, which was temporarily reduced from 19% to 5% as a measure to drive tourism during the pandemic, will return to its pre-pandemic levels. This measure drove demand and evidence shows that passengers react to prices. By raising airfare taxes, not only the aviation sector is impacted, but also the taxi driver who takes passengers from the airport to their lodging, hotels, restaurants, tourist attractions and the entire chain of services demanded when a visitor arrives.

Domestic Pax (vs. the same month in 2019)



Source: Aviation authorities from each country.



Passengers, RPK, ASK and load factor

	September				Growth			Cumulative (January-September)				Growth		
	2019	2020	2021	2022	2020/2019	2021/2019	2022/2019	2019	2020	2021	2022	2020/2019	2021/2019	2022/2019
Pasajeros	28,261,131	8,326,064	20,142,760	28,592,982	-70.5%	-28.7%	1.2%	271,019,371	115,699,336	151,271,659	241,569,973	-57.3%	-44.2%	-10.9%
Domestic	19,501,130	6,944,515	15,041,014	20,128,664	-64.4%	-22.9%	3.2%	176,744,510	81,080,258	109,752,769	166,566,600	-54.1%	-37.9%	-5.8%
Intra-LAC	4,002,512	247,730	1,471,682	3,584,295	-93.8%	-63.2%	-10.4%	38,669,680	13,302,732	9,727,627	26,807,460	-65.6%	-74.8%	-30.7%
Extra-LAC	4,757,488	1,133,819	3,630,064	4,880,024	-76.2%	-23.7%	2.6%	55,605,181	21,316,347	31,791,263	48,195,913	-61.7%	-42.8%	-13.3%
RPK (millions)	47,369	11,386	30,386	46,130	-76.0%	-35.9%	-2.6%	468,318	188,060	225,801	399,167	-59.8%	-51.8%	-14.8%
Domestic	17,333	7,241	14,510	18,508	-58.2%	-16.3%	6.8%	158,697	76,375	107,343	157,853	-51.9%	-32.4%	-0.5%
Intra-LAC	7,788	298	2,659	7,271	-96.2%	-65.9%	-6.6%	75,310	24,233	17,719	53,408	-67.8%	-76.5%	-29.1%
Extra-LAC	22,249	3,847	13,218	20,351	-82.7%	-40.6%	-8.5%	234,311	87,453	100,739	187,906	-62.7%	-57.0%	-19.8%
*ASK (millions)	56,053	16,598	40,317	55,811	-70.4%	-28.1%	-0.4%	564,957	262,014	313,370	491,264	-53.6%	-44.5%	-13.0%
Domestic	21,268	9,955	18,010	22,583	-53.2%	-15.3%	6.2%	192,985	105,033	136,682	195,274	-45.6%	-29.2%	1.2%
Intra-LAC	9,569	442	3,937	9,093	-95.4%	-58.9%	-5.0%	91,445	33,994	28,992	67,782	-62.8%	-68.3%	-25.9%
Extra-LAC	25,215	6,201	18,370	24,136	-75.4%	-27.1%	-4.3%	280,527	122,987	147,697	228,207	-56.2%	-47.4%	-18.7%
*Load factor	84.5%	68.5%	77.2%	82.4%	-16.0 pts	-7.3 pts	-2.2 pts	83.1%	71.6%	74.3%	81.0%	-11.5 pts	-8.8 pts	-2.1 pts
Domestic	81.5%	72.7%	80.6%	82.0%	-8.8 pts	-0.9 pts	0.5 pts	82.2%	72.7%	78.5%	80.8%	-9.5 pts	-3.7 pts	-1.4 pts
Intra-LAC	81.4%	67.4%	67.5%	80.0%	-14.0 pts	-13.9 pts	-1.4 pts	82.4%	71.3%	61.1%	78.8%	-11.1 pts	-21.2 pts	-3.6 pts
Extra-LAC	88.2%	62.0%	72.0%	84.3%	-26.2 pts	-16.3 pts	-3.9 pts	83.5%	71.1%	68.2%	82.3%	-12.4 pts	-15.3 pts	-1.2 pts

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

In September 2022, 28.6 million passengers were carried in the region. **Domestic traffic has been recovering faster and in this month reached 3.2% growth compared to its 2019 levels**, extra-LAC international traffic grew 2.6% above 2019, while intra-LAC traffic is the one that has been recovering more slowly, being 10.4% below its 2019 levels.

So far this year (January-September), nearly 241 million passengers have been carried. Cumulatively, the region is still 10.9% below its 2019 levels.

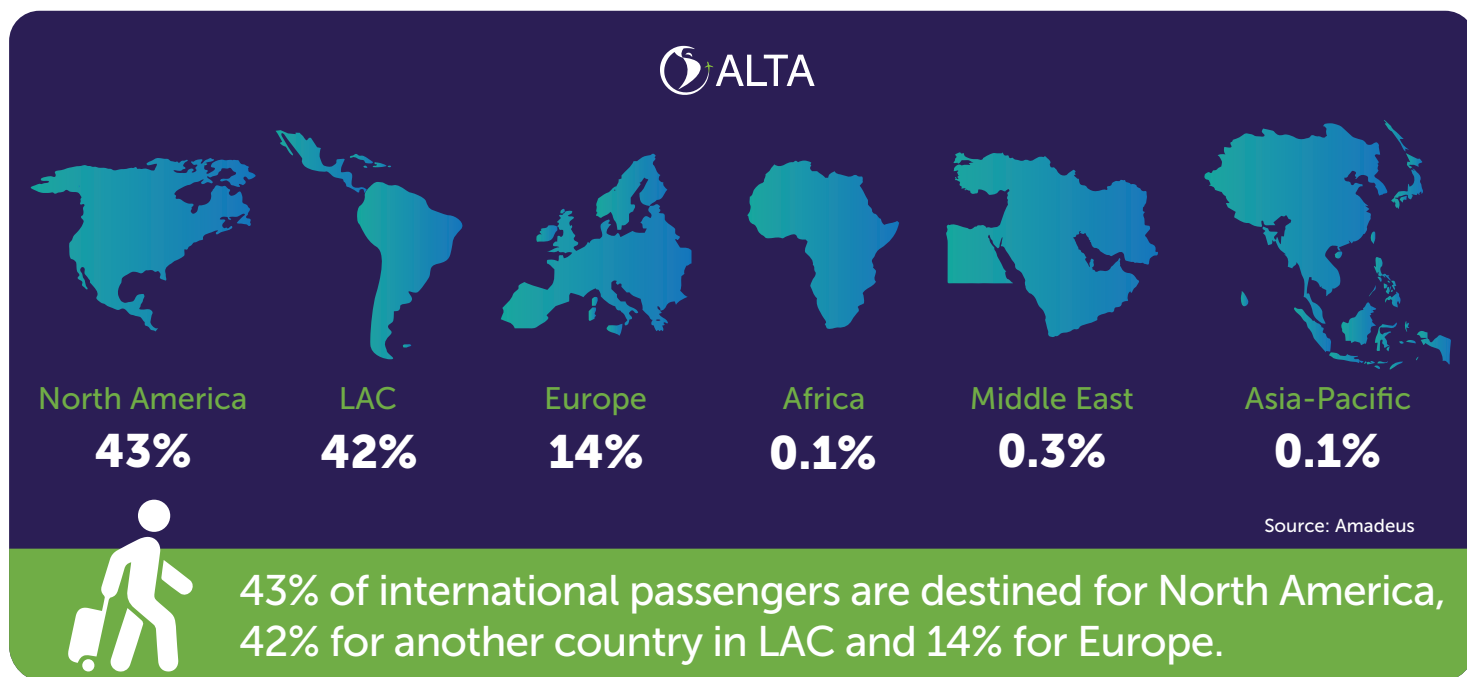
RPKs in the domestic case stand out, as they are 6.8% above their 2019 levels, a good recovery compared to the intra- and extra-LAC market. In terms of relative capacity, i.e. seats per kilometer (ASK), domestic is also seen to be recovering quickly, as it is 6.2% above its 2019 levels. Which shows that people are flying more domestically.

In September, the load factor reached 82.4%, 2.2 points short of 2019 levels, while domestic was 82%, intra-LAC was 80% and extra-LAC was 84.3%. The cumulative load factor was 81%, 2.1 points short of 2019 levels.



Distribution of pax by region

Distribution of destination region by pax originating travel in LAC



Traffic of selected ALTA member airlines

Region	Pax	ASK (000'000)	RPK (000'000)	FTK (000)	ATK (000'000)	RTK (000'000)	Departures	Kms. Flown	Block Hours
Domestic	12,115,899	14,948.44	12,250.83	41,705	1,547.21	870.61	90,475	85,430,137.00	160,282
Africa	-	-	-	10,723	15.03	10.72	58	278,374.00	373
Asia	-	-	-	-	0.26	-	1	4,862.00	8
Europe	334,214	3,384.92	3,038.65	91,194	445.99	261.51	1,430	12,419,216.00	15,115
LAC	1,275,273	3,947.40	3,156.68	49,975	411.73	202.18	10,254	23,005,402.00	34,858
North America	1,015,744	4,312.52	3,440.41	144,492	581.77	361.02	7,776	24,173,744.00	34,724
Oceania	18,732	117.00	110.00	2,030	22.35	9.66	84	496,146.00	632
Total	14,759,862.00	26,710.29	21,996.58	340,119.23	3,024.34	1,715.69	110,078.00	145,807,881.00	245,992.62

Source: Airlines reporting to ALTA. Participating airline codes AV, AR, G3, AM, 5D, N3, Q6, Y4, 4C, JJ, L7, LA, LP, LU, M3, PZ, UC, XL, M7



Openness of countries

October 26, 2022 index shows a positive change for Peru and Ecuador, which lifted all measures related to the international passenger restrictions.

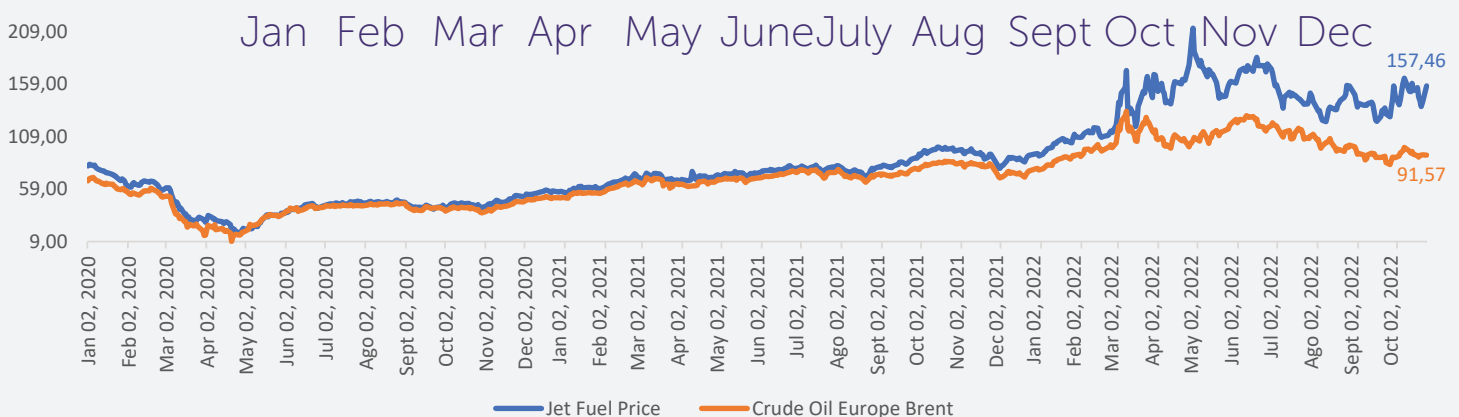
ALTA	COVID test	Entry Restriction	Flight suspended	Quarantine	Oct 27, 2022	Sep 28, 2022	Aug 29, 2022	July 29, 2022	June 24, 2022	Apr 29, 2022	March 22, 2022	Feb 15, 2022	Oct 12, 2021	Sep 01, 2021	Ago 12, 2021
Mexico	No	No	No	No	100	100	100	100	100	100	100	100	100	100	100
Costa Rica	No	No	No	No	100	100	100	100	100	100	100	100	100	85	85
Salvador	No	No	No	No	100	100	100	100	100	100	100	100	90	90	90
Argentina	No	No	No	No	100	100	100	100	100	100	35	30	20	20	20
Cuba	No	No	No	No	100	100	100	100	100	100	40	40	40	40	40
Dominican Republic	No	No	No	No	100	100	100	100	100	100	88	88	88	88	88
Guatemala	No	No	No	No	100	100	100	95	95	95	95	95	20	20	20
Panama	No	No	No	No	100	100	95	95	95	92	92	92	85	85	85
Ecuador	No, if vaccinated	No	No	No	100	95	95	92	92	88	35	35	85	85	85
Peru	No	No	No	No	100	70	70	70	70	65	30	30	30	30	30
Colombia	No, if vaccinated	No	No	No	95	95	95	95	95	95	95	95	100	100	100
Honduras	No, if vaccinated	No	No	No	95	95	95	95	95	95	88	88	88	50	50
Brasil	No, if vaccinated	No	No	No	95	95	95	95	95	95	20	20	30	20	20
Uruguay	No, if vaccinated	No	No	No	95	95	95	95	95	95	65	30	20	20	20
Chile	No, if vaccination with booster	No	No	No	95	95	95	95	95	95	90	90	20	20	20
Bolivia	No, if vaccinated	No	No	No	95	95	95	95	95	92	88	85	20	20	20
Nicaragua	No, if vaccinated	No	No	No	95	95	95	95	95	90	90	90	90	90	90
Haiti	No, if vaccinated	No	No	No	95	95	95	95	95	90	90	30	90	90	90
Venezuela	No, if vaccinated	No	No	No	95	92	92	92	90	65	60	40	38	20	20

Source: ALTA based on UNWTO/IATA Destination Tracker

Fuel prices



Jet Fuel & Crude Oil Price (Dolars per barrel), October 24



Source: US Energy Information Administration



Fuel continues to have historically high prices. On October 24, 2022 the price of jet fuel reached 186% above January 2021, while the price of Brent crude oil increased by 82% compared to the same period.

We highlight that the differential between the price of a barrel of oil and jet fuel has trended upwards, which suggests that the available oil is being used for other types of fuel.

The rising price of fuel has increased the weight of this input in the cost structure of airlines, representing 37% of operating costs in the second quarter of 2022. It is worth noting that during the ALTA AGM & Airline Leaders Forum in October 2022, an event that brings together aviation leaders in the region, some airlines pointed out that, by 2022, fuel came to represent 50% of their operating costs.

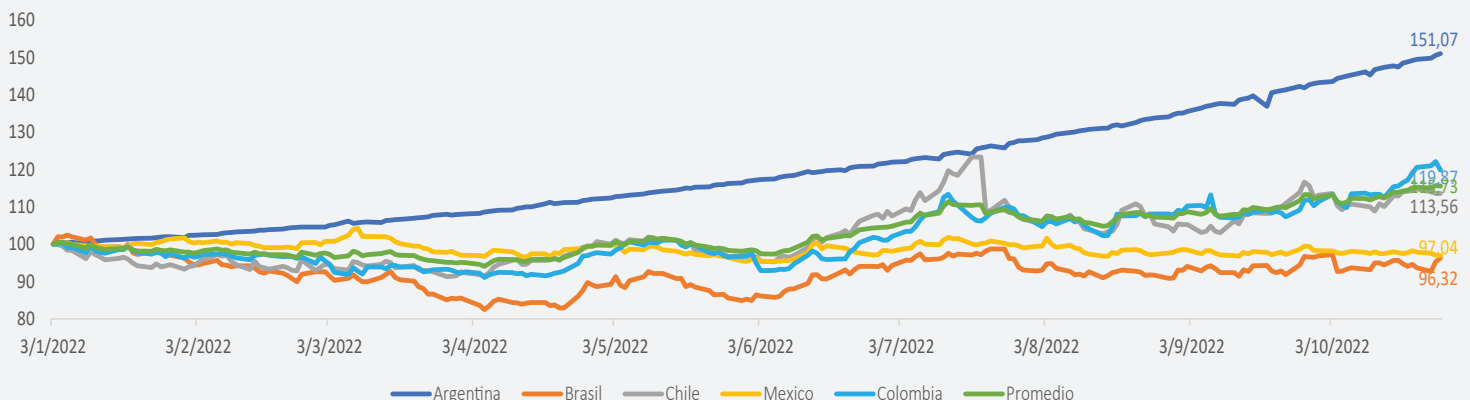
Some countries in the region have made progress in making prices more competitive, one of these measures has been the regulatory change to enable the use of JetA as opposed to JetA1, which is slightly lower in price. Colombia and Brazil have made progress in this action. The difference between them is that JetA1 has a freezing point at lower temperatures, which makes it suitable for operating in regions with extreme winter weather. It is important to highlight that, although the regulatory change is already in force in Colombia, its implementation has been slow and the fuel marketed is still A1.

Exchange rates: about 60% of an airline's costs are denominated in dollars

The region continues to experience exchange rate fluctuations. These changes are relevant, since 60% of an airline's costs are denominated in dollars; therefore, as exchange rates increase, so will operating costs.



EXCHANGE RATES (INDEX JANUARY 2022=100), October 26, 2022

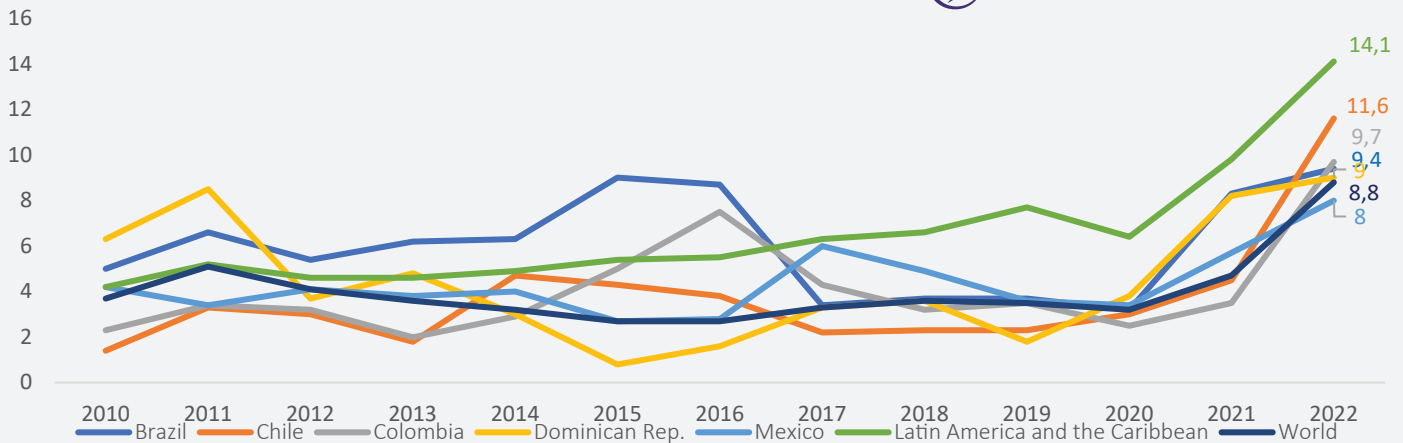




Inflation

LAC, like other regions of the world, is undergoing an inflationary phenomenon. According to IMF estimates, inflation in the region will continue to rise by the end of 2022, reaching 14.1%. In a context of high inflation and in a region of the world where 24% of the basket of basic goods is destined to food, the consequence is that the remaining income for consumption will be reduced. On the other hand, airlines also consume local goods and services, which are being hit by price rises.

ALTA Inflation 2022

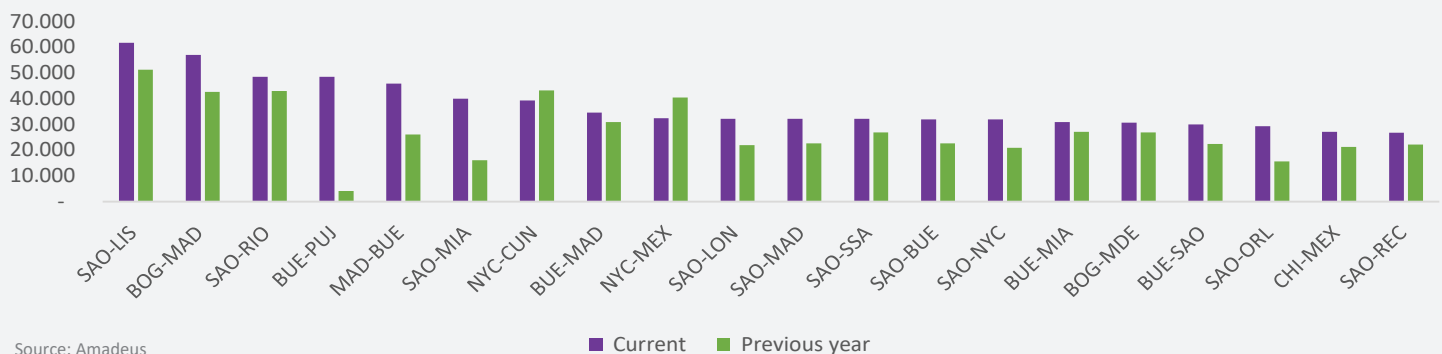


Source: IMF, World Economic Outlook (October 2022)

Average daily searches (October 2022 vs. October 2021)

The route with the highest number of searches in the region was Sao Paulo - Lisbon, with an average of 61,739 daily searches in October. Travel intent in the top 20 most important markets in the region grew by 35% compared to the same month in 2021.

ALTA Average daily searches



Source: Amadeus

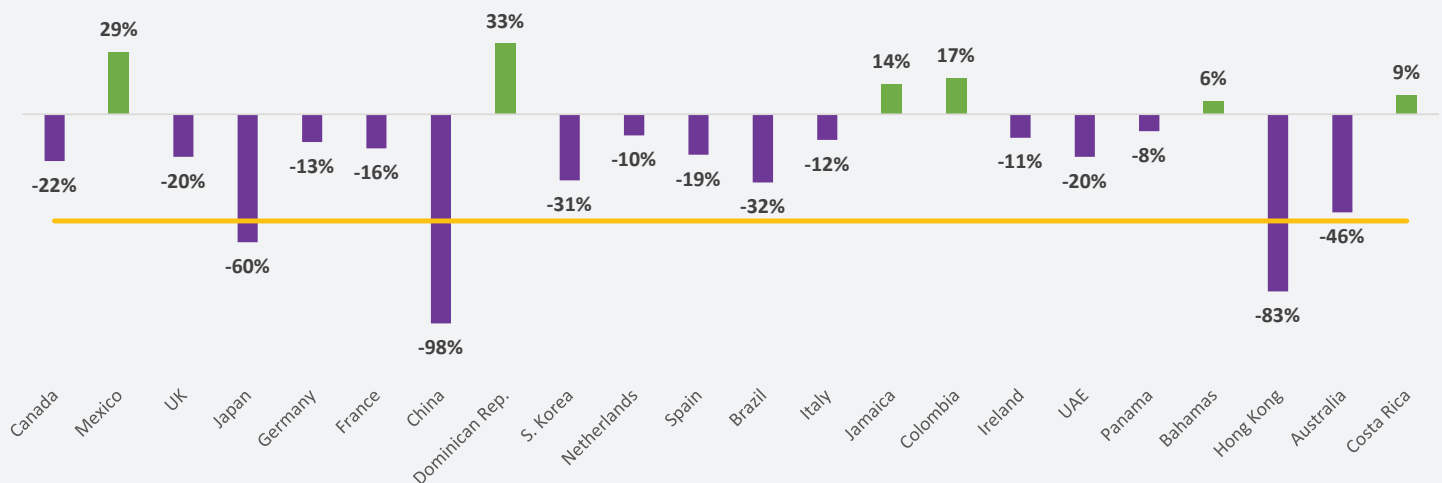


Origin of countries with destination US

It is observed that almost all countries in the world are reducing passenger traffic to the United States, except for the LAC region. The countries that grew in terms of passengers were: Mexico with 29%, Dominican Republic 33%, Jamaica 14%, Colombia 17%, Bahamas 6% and Costa Rica 6%. The only countries in the region that fell were Brazil -32% and Panama -8%. As for China, which is the second largest economy in the world (US is the first), it has a -98% drop and Japan, which is the third largest economy, a -60% drop. These figures are largely due to the restrictions imposed by COVID.

Top US Country Pairs: %in Chg. Pax-Sep.22/Sep.19

Sorted left to right by highest volume in Calendar Year 2019



Source: Airlines for America(A4A), and DHS I-92/ APIS data compiled by U.S department of Commerce National Travel and Tourism Office and Deutsche Bank airline Research



The future of business travel

Many analysts have wondered about the future of business travel. Some mentioned that COVID provided an incentive for people to now meet by teams or zoom, which would cause business travel to be significantly reduced. Others stated that they will continue because walking around a factory and talking to workers is something that can only be done on-site.



Source: Global Business Travel Association and Deutsche Bank Airline Research

The Global Corporate Travel Association estimates that corporate travel will not reach its pre-pandemic levels soon. In the graph below, the red line represents how much corporate travel equals GDP. In pre-pandemic such travel represented between 1.9% and 1.5% of global GDP. The estimate shows that corporate travel will stand at 1.3% for the next few years. This seems to suggest that for this organization the "new normal" is here to stay.



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Notas del editor:

- Para más información, anuncios y posiciones de ALTA síganos en https://twitter.com/ALTA_aero y ALTA - Latin American & Caribbean Air Transport Association: My Company | LinkedIn
- Los datos contenidos son estimaciones y están sujetas a revisión