



Passenger recovery slowed in October 2022



Passenger traffic in Latin America and Caribbean (LAC) slowed down its recovery to 92% vs. October 2019

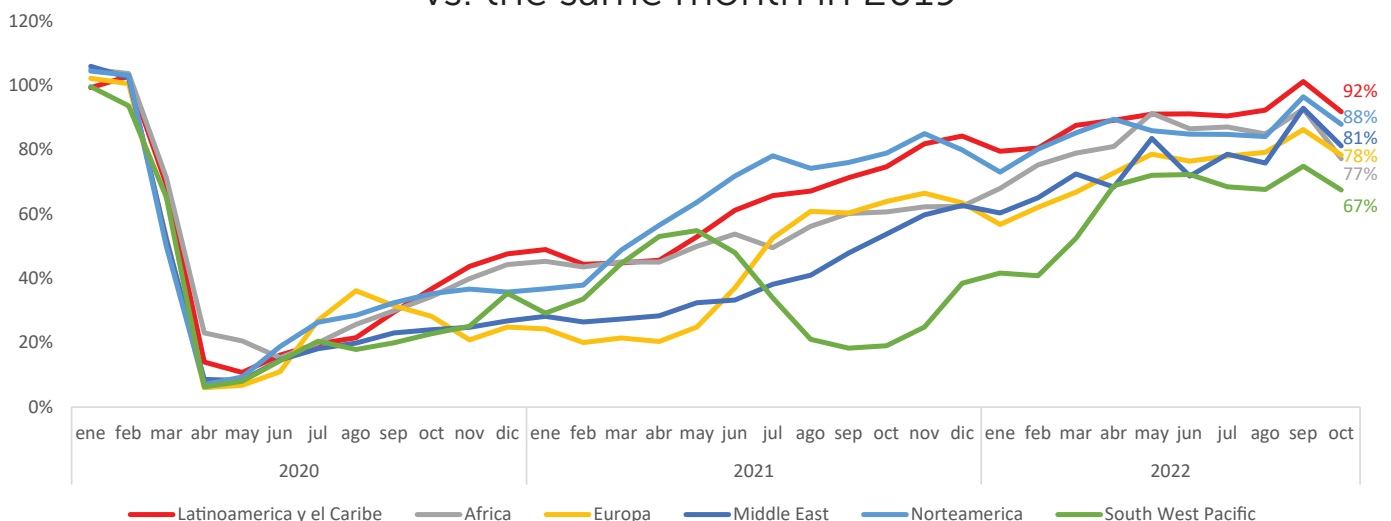
In October 2022, 27.5 million passengers were carried, equivalent to 92% of October 2019 passengers. This reflects a drop in recovery compared to the immediately preceding month, as in September the region had surpassed 1% of its 2019 levels.

All regions slowed down their recovery levels. Some of the reasons include low economic growth prospects, high inflation rates, high cost of aviation fuel, devaluation of the exchange rate, among other factors. However, it is worth noting that LAC continues to be the world's fastest recovering region, surpassing North America at 88% of its 2019 levels, the Middle East at 81%, Europe at 78% and Southeast Asia at 67%.

Passenger Traffic



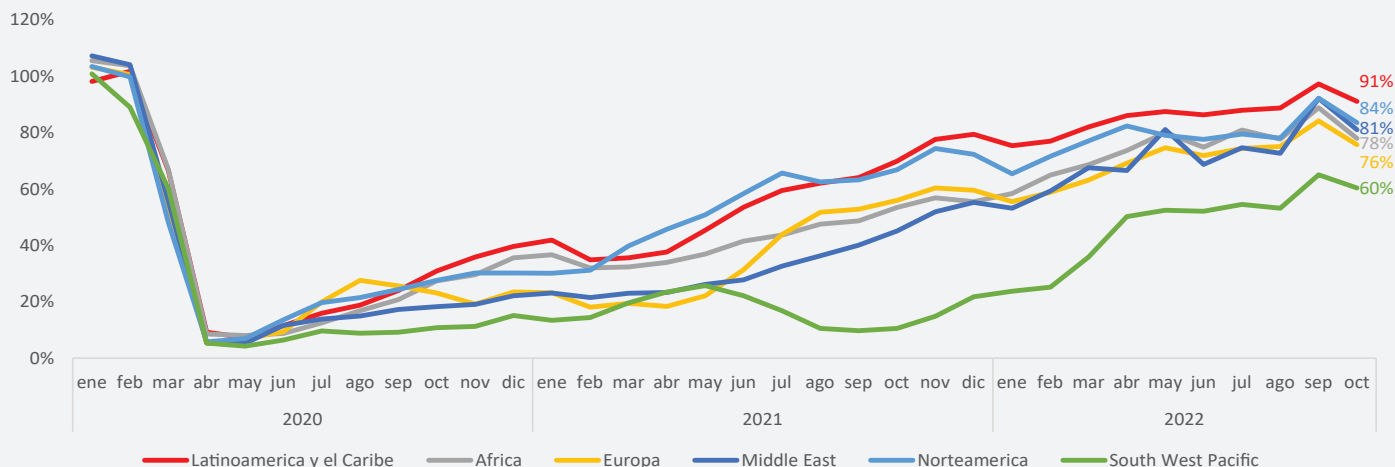
Passengers by origin region
vs. the same month in 2019





In terms of RPK (Revenue Passenger Kilometer), LAC continues to lead the recovery over the other regions. The recovery level achieved in October was 91%.

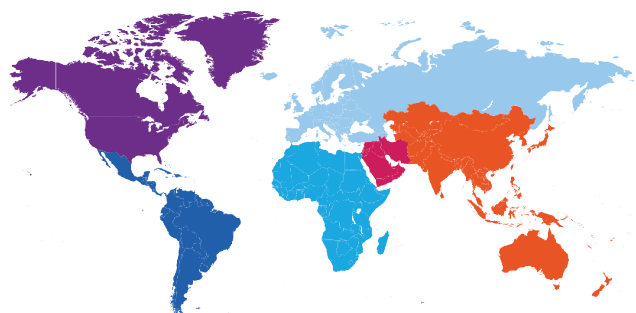
RPK by origin region vs. the same month in 2019



Note: The LAC region includes Mexico.
Source: Amadeus

Contribución de RPKs de LAC respecto a otras regiones del mundo

In 2019, LAC's RPKs represented 7% of the global total, while, in 2022, they represent 10%. The increase in global share corresponds to the greater recovery of the region compared to other countries in the world. COVID policies have limited air passenger travel in other regions. Policies are expected to be transitory and long-term growth prospects suggest that such an increase in LAC's share of global RPKs is temporary. To keep a larger share, Latin America must increase its competitiveness levels. For a diagnosis of factors affecting competitiveness, click on the following link: <https://bit.ly/3XrclD6>



Percentage of RPK share 2019



Percentage of RPK share 2022*



October performance by country

The country with the most passengers in the region is Brazil, with 28% of the passengers carried in LAC. However, Brazil is 83% of its 2019 levels, while the second and third largest markets in the region; Mexico and Colombia have already surpassed their 2019 levels.



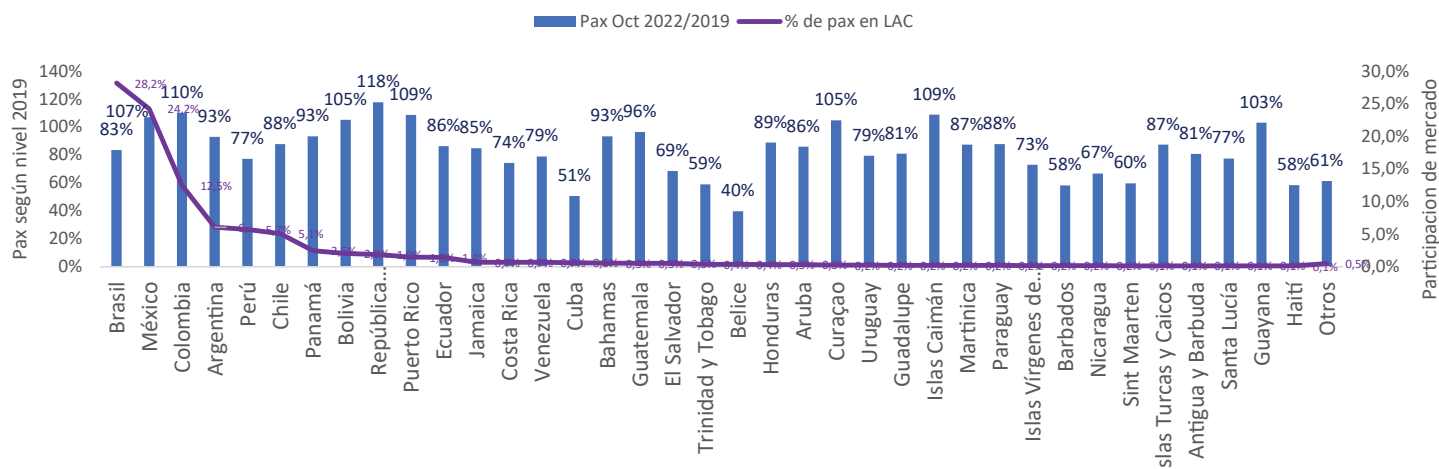
Brazil
28%
of the passengers
carried

Total pax (domestic and international) october 2022 Vs. the same month in 2019 & market share LAC

Countries ordered from left to right according to the number of passengers carried



Countries ordered from left to right according to the number of passengers carried

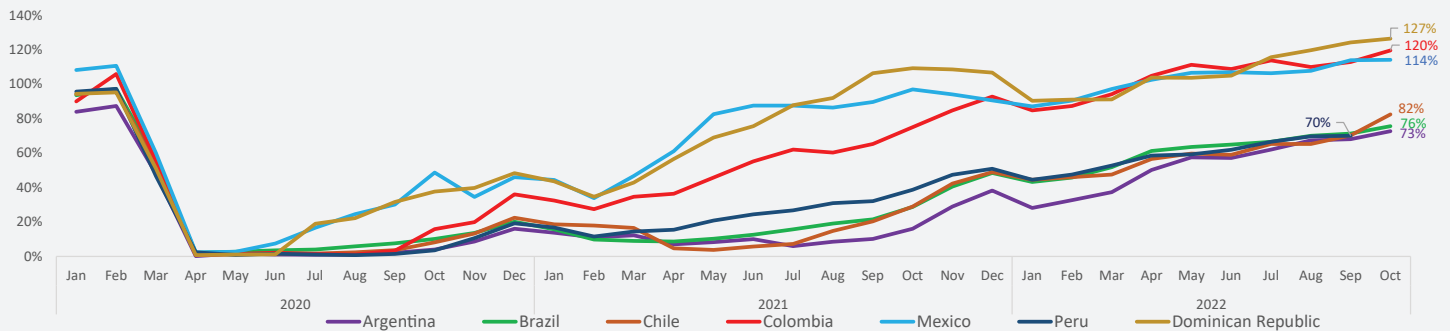




International Passengers

Three countries in the region continue to stand out with very positive growth, Dominican Republic reaching 127% of its 2019 levels, Mexico 114% and Colombia 120%. On the other hand, Brazil, Chile and Argentina continue to recover with 76%, 81% and 73% respectively.

International pax (vs. the same month in 2019)

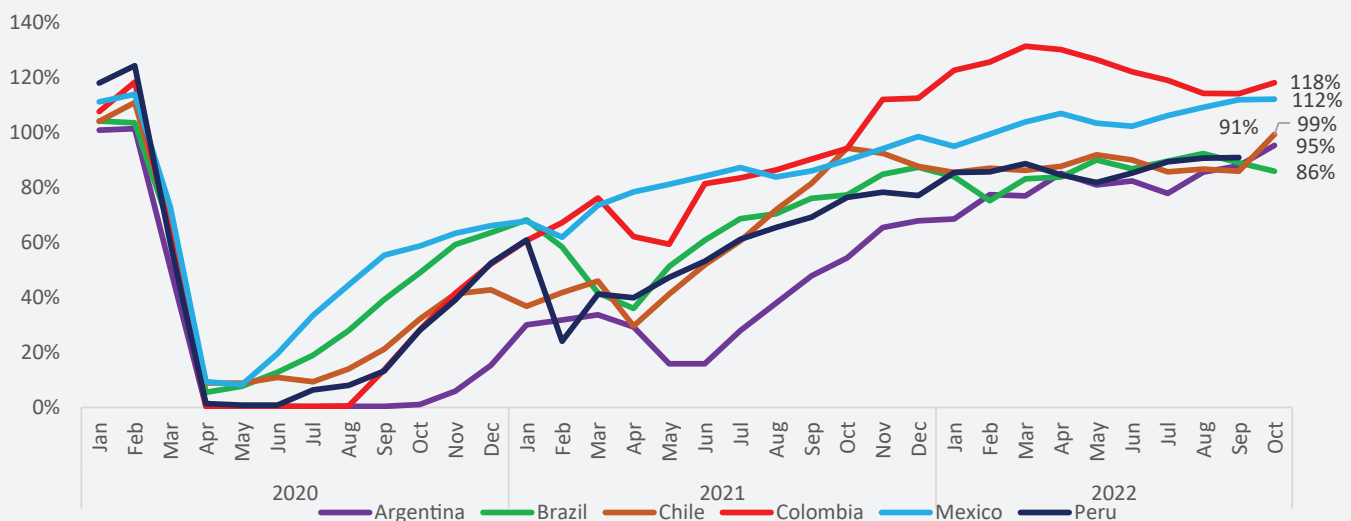


Source: Aviation authorities from each country.

Domestic Passengers

Domestic air transport, not impacted by international traffic restrictions, has recovered at a faster pace. In October, Colombia had an outstanding recovery reaching 18% above its 2019 levels, while Mexico 12% above its pre-pandemic levels. Brazil showed a slowdown reaching 86%, Argentina was up to 95% and Chile stood out in its domestic recovery achieving 99% of its 2019 levels. According to September 2022 data, Peru kept its levels, reaching 91%.

Domestic Pax (vs. the same month in 2019)



Source: Aviation authorities from each country.



Passengers, RPK, ASK and load factor

In October, 27.5 million passengers were carried in the region, 8.2% below pre-pandemic levels. Domestic traffic reached 7.1% below its 2019 levels, extra-LAC international traffic 4.3% below, while intra-LAC traffic is the one that has been recovering the slowest, being 18.5% below its 2019 levels.

To date this year (January-October), about 269 million passengers have been carried. Cumulatively, the region is still 10.6% below its 2019 levels. Cumulative RPKs are 14.2% below 2019 levels and cumulative ASKs are 13% below.

Domestic RPKs recovered the fastest, standing 2.4% below their 2019 levels. In terms of relative capacity, i.e. seats per kilometer (ASK), domestic also recovered the fastest, reaching 0.2% of its 2019 levels.

In October, the load factor reached 83.1%; 1.3 points above 2019 levels, while domestic was 81.9%, intra-LAC was 82.1% and extra-LAC was 86.1%. The cumulative load factor reached 81.2%, 1.6 points short of 2019 levels.

October					Growth			Cumulative (January-october)				Growth		
	2019	2020	2021	2022	2020/2019	2021/2019	2022/2019	2019	2020	2021	2022	2020/2019	2021/2019	2022/2019
Passengers	29.925.081	10.993.857	22.344.367	27.469.535	-63,3%	-25,3%	-8,2%	300.944.452	126.693.193	173.616.027	269.039.507	-57,9%	-42,3%	-10,6%
Domestic	21.020.564	9.051.202	16.656.084	19.535.762	-56,9%	-20,8%	-7,1%	197.765.074	90.131.460	126.408.853	186.102.362	-54,4%	-36,1%	-5,9%
Intra-LAC	4.133.619	411.987	1.737.926	3.367.807	-90,0%	-58,0%	-18,5%	42.803.300	13.714.719	11.465.553	30.175.267	-68,0%	-73,2%	-29,5%
Extra-LAC	4.770.897	1.530.668	3.950.357	4.565.966	-67,9%	-17,2%	-4,3%	60.376.079	22.847.014	35.741.621	52.761.879	-62,2%	-40,8%	-12,6%
RPK (millions)	47.912	14.820	33.511	43.659	-69,1%	-30,1%	-8,9%	516.230	202.880	259.312	442.826	-60,7%	-49,8%	-14,2%
Domestic	18.563	9.163	15.991	18.114	-50,6%	-13,9%	-2,4%	177.261	85.538	123.334	175.967	-51,7%	-30,4%	-0,7%
Intra-LAC	7.916	694	3.253	6.804	-91,2%	-58,9%	-14,0%	83.226	24.927	20.972	60.212	-70,0%	-74,8%	-27,7%
Extra-LAC	21.433	4.963	14.268	18.741	-76,8%	-33,4%	-12,6%	255.743	92.415	115.007	206.648	-63,9%	-55,0%	-19,2%
*ASK (millions)	58.346	20.010	41.391	52.174	-65,7%	-29,1%	-10,6%	623.975	282.317	354.697	543.125	-54,8%	-43,2%	-13,0%
Domestic	22.158	11.633	19.183	22.121	-47,5%	-13,4%	-0,2%	214.883	115.675	155.849	217.377	-46,2%	-27,5%	1,2%
Intra-LAC	9.806	1.049	4.475	8.289	-89,3%	-54,4%	-15,5%	101.421	35.199	33.533	76.046	-65,3%	-66,9%	-25,0%
Extra-LAC	26.382	7.328	17.734	21.764	-72,2%	-32,8%	-17,5%	307.672	131.443	165.315	249.702	-57,3%	-46,3%	-18,8%
*Load factor	81,8%	71,6%	81,0%	83,1%	-10,2 pts	-0,8 pts	1,3 pts	82,9%	71,4%	75,1%	81,2%	-11,5 pts	-7,7 pts	-1,6 pts
Domestic	83,8%	78,8%	83,4%	81,9%	-5,0 pts	-0,4 pts	-1,9 pts	82,5%	73,9%	79,1%	81,0%	-8,5 pts	-3,4 pts	-1,5 pts
Intra-LAC	80,7%	66,2%	72,7%	82,1%	-14,5 pts	-8,0 pts	1,3 pts	82,1%	70,8%	62,5%	79,2%	-11,2 pts	-19,5 pts	-2,9 pts
Extra-LAC	81,2%	67,7%	80,5%	86,1%	-13,5 pts	-0,8 pts	4,9 pts	83,1%	70,3%	69,6%	82,8%	-12,8 pts	-13,6 pts	-0,4 pts



Distribution of pax by region

Distribution of destination region by pax originating travel in LAC.



North America

43%



LAC

42%



Europe

14%



Africa

0.1%



Middle East

0.3%



Asia-Pacific

0.1%



Source: Amadeus

43% of international passengers are destined for North America, 42% for another country in LAC and 14% for Europe.

Traffic of selected ALTA member airlines in October

Region	Pax	ASK (000'000)	RPK (000'000)	FTK (000)	ATK (000'000)	RTK (000'000)	Departures	Kms. Flown	Block Hours
Domestic	12.408.168	15.480,01	12.676,11	42.233	1.606,77	896,85	89.790	86.863.370,00	161.216
Africa	-	-	-	11.014	15,87	11,01	61	293.909,00	401
Europe	350.945	3.534,17	3.192,47	100.972	471,42	281,95	1.509	13.085.103,00	15.962
LAC	1.367.508	4.118,35	3.380,21	52.264	419,46	210,41	10.326	23.379.267,00	35.318
North America	1.061.662	4.386,05	3.623,34	157.468	602,28	386,92	7.676	24.473.790,00	34.992
Oceania	22.528	147,00	131,00	2.394	27,83	11,50	104	614.276,00	767
Total	15.210.811	27.665,59	23.003,13	366.345	3.143,63	1.798,64	109.466	148.709.715,00	248.657

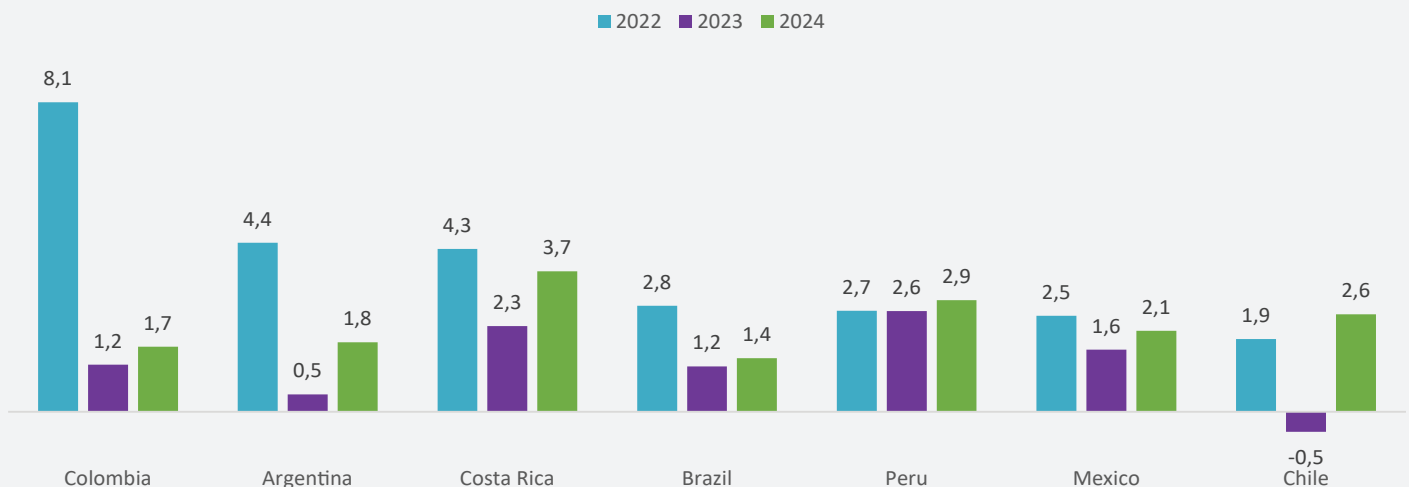
Source: Airlines reporting to ALTA. Participating airline codes AV, AR, G3, AM, 5D, N3, Q6, Y4, 4C, JJ, L7, LA, LP, LU, M3, PZ, UC, XL, M7



Economic growth in LAC

The OECD, in its Economic Outlook, November 2022, released new growth estimates. By 2023 and 2024, reductions are estimated and, for Chile, even negative growth. For the countries in the sample, the average growth is 1.3% in 2023 and 2.3% in 2024. Such growth rates indicate a potential reduction in the air transport recovery rate.

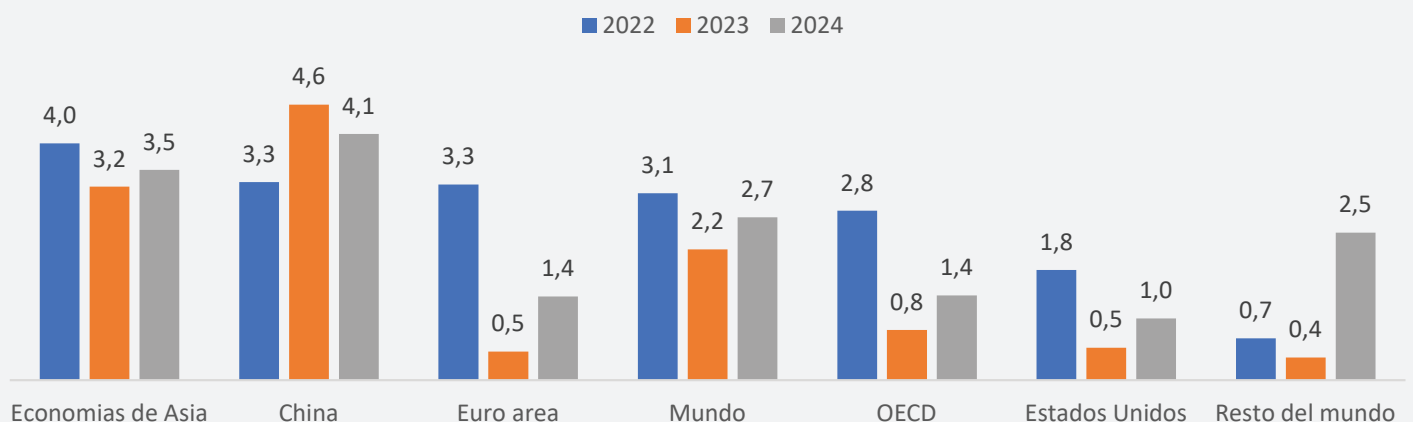
PIB 2022,2023 & 2024 in LAC % year by year



Source: OECD Economic Outlook, November 2022

Similarly, global growth is expected to slow to 2.2% in 2023 and recover to 2.7% in 2024. Asia will be the main growth region in 2023 and 2024, while Europe and North America will record a very low growth.

PIB2022, 2023 & 2024, other economies % year by year



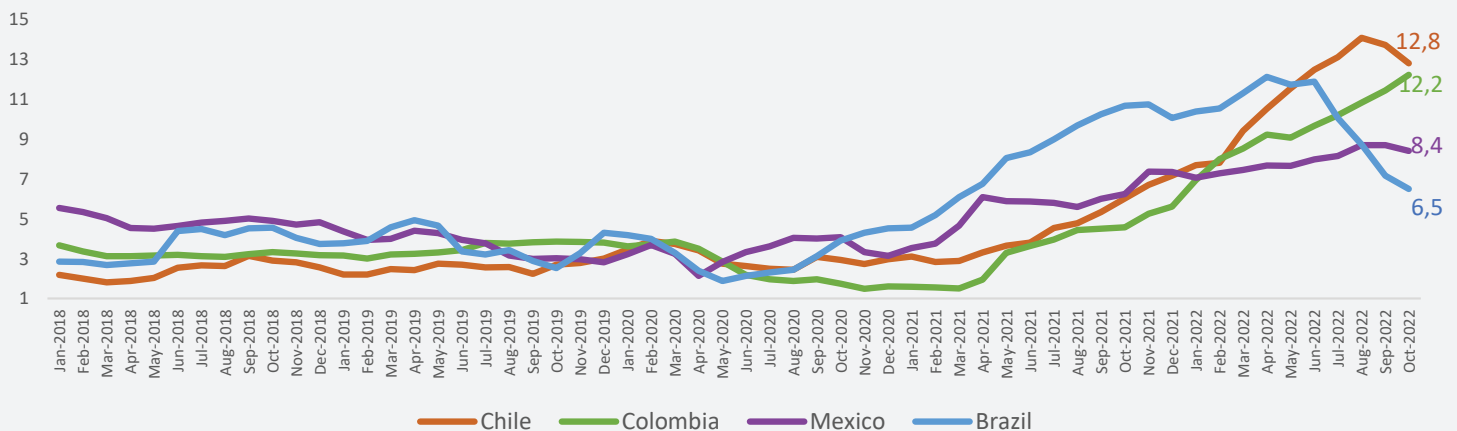
Source: OECD Economic Outlook, November 2022



Inflation

High inflation rates that impact purchasing power will curb household consumption, especially in this region where 24% of income is spent on food. This could further restrict spending for air travel.

Inflation in October, 2022



Source: OCDE, Consumer Price Index 2022

Fuel price and its share in airline cost structure

WTI Prices of Jet Fuel & Crude Oil (Dollars per barrel), Nov. 28



Source: US Energy Information Administration

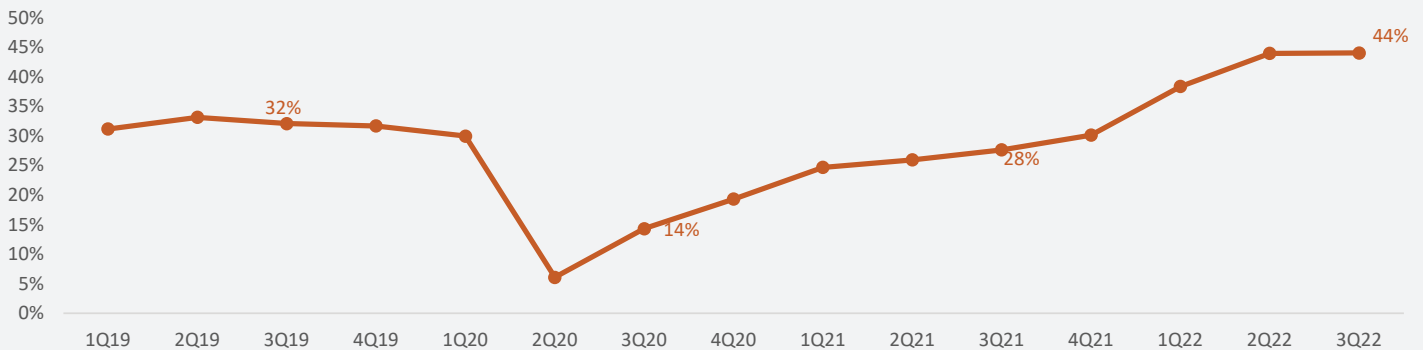


Fuel continues to have historically high prices. On November 28, 2022, the jet fuel price reached 107% compared to January 2021, while the WTI crude oil price reached 62%.

The differential between the price of a barrel of oil and jet fuel has increased, while in January 2021 the price of jet fuel was 14% higher than that of oil, today the price differential is 33%.

Because of the price increase, fuel went from representing 28% of the airlines' cost structure one year ago to representing 44% in the third quarter of 2022.

Porcentaje del combustible en proporción los costos operativos

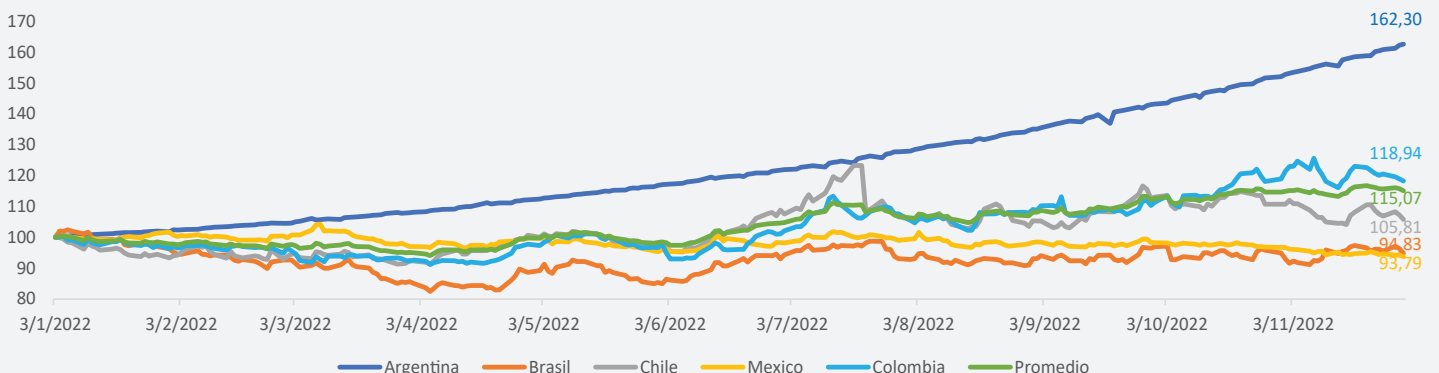


Source: Financial statements of airlines in the region

Exchange rates: 75% of an airline's cost structure is dollarized

An airline's cost structure is highly dollars-based, much more so than its local currency. Fuel, capital goods, aircraft leasing, spare parts and services for international flights are all denominated in dollars. By the third quarter of 2022 approximately 75% of an airline's cost structure is in dollars. The region has had an average exchange rate devaluation of 15%.

Exchange rates (INDEX Jan. 2022=100), Nov. 30, 2022



Source: Yahoo Finance Exchange rates



Average daily searches (November 2022 vs. November 2021)

The route with the highest number of searches in the region was Sao Paulo-Lisbon, with an average of 65,893 daily searches in November, 30% more than in the same month of 2021. The second route was Buenos Aires-Punta Cana with 53,929, where its growth stands out, as in November 2021 the same route had 7,500 searches, an increase of 619% compared to 2021. The third route was Sao Paulo-Rio de Janeiro with 47,857 searches, 7% less than in 2021.

Travel intent in the top 20 most important markets in the region grew by 3.6% compared to the same month in 2021.

Average daily searches in November



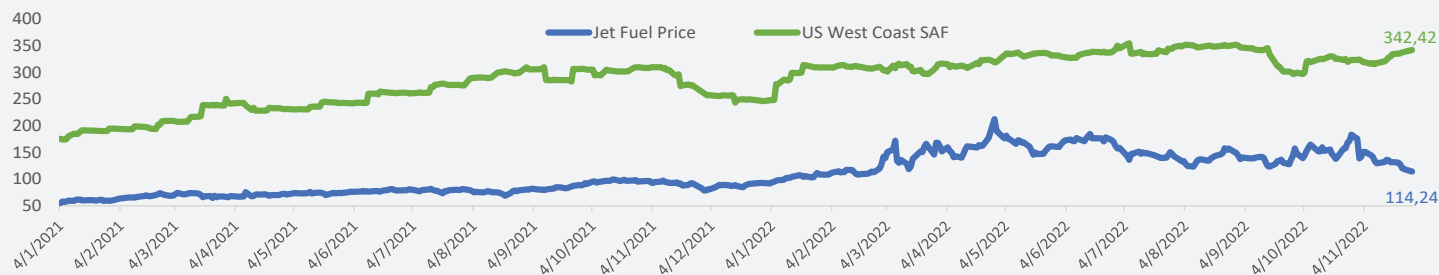
Source: Amadeus

SAF fuel

Approximately 65% of the effort to achieve the goal of zero carbon emissions by 2050 comes from the use of SAF (Sustainable Aviation Fuels). According to S&P Global Commodity, SAF is 3 times more expensive than regular fuel.

US West Coast Sustainable Aviation

Fuel price vs regular Jet Fuel, November 28th US\$/Barrel



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

Para más información contacte a nlorca@alta.aero

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