

# Aviation

## Oct-23 metrics: A muted 'peak season'

Sector Report ▶ SECTOR-SPECIFIC MONTHLY NOTES ▶ November 17, 2023

NIFTY 50: 19,732

### Domestic pax growth of 11% YoY in Oct-23; a weak November

India's domestic pax traffic grew 11% YoY to 12.6mn in Oct-23, while daily trends in Nov-23 till date reflect a muted ~2% traffic growth YoY, despite the peak festival season. Indigo and Tata Group continue to command total domestic pax share of ~90%. In Oct-23, Indigo's market share was slightly down, by 80bps MoM, while Spicejet re-gained 60bps to 5% market share. Tata Group saw a marginal gain, of 0.3% MoM in Oct-23.

### Load factors under pressure; Spicejet's OTP sees notable drop

During Oct-23, Passenger Load Factors (PLFs) declined MoM for Vistara/Akasa/Indigo/Spicejet by 280/150/140/130bps to 89.2/86.6/83.3/90.1%, respectively. However, Air India and AirAsia witnessed PLF improvement MoM, of 80-90bps each. Indigo's OTP improved to 88.5% in Oct-23, while Spicejet's OTP fell to 58.1%, from 67.2% MoM; albeit the Nov-23 run-rate is better. Air India/AirAsia/Vistara's OTP stood at 77.5/82.8/81.5%, respectively. MoM cancellations reduced across the board, but stood at 0.54% for Indigo.

### Fuel prices on a downtick; to support spreads

OMCs have lowered the domestic ATF price by 6% MoM for Nov-23 to Rs111.3/ltr, on account of lower refining-marketing spreads. We foresee a 4-5% cut MoM in ATF price for Dec-23, driven by 7% lower crude prices. Brent is currently trading at sub-USD80/bbl levels, thereby hinting at further price cuts ahead, assuming constant downstream chain margins. A period of strong yields backed by seasonal base-fare increase and fuel charges is likely to be followed by reversals, given the weaker pax-volume scenario, though lower fuel prices are likely to support airlines' PBT spreads.

### Snapshot – Oct-23

Parameters	Oct-23	Oct-22	YoY	Sep-23	MoM	YTD-Oct-23	YTD-Oct-22	YoY
Domestic Pax (mn)	12.6	11.4	10.8%	12.2	3.2%	88.0	74.1	18.7%
Avg daily pax (mn)	0.41	0.37	10.8%	0.41	-0.1%	0.41	0.35	18.7%

#### Pax Mkt share (%)

Indigo	63	57	590bps	63	-80bps	62	57	500bps
Tata Group	27	26	90bps	27	30bps	26	23	280bps
Spicejet	5	7	-230bps	4	60bps	5	9	-370bps
Akasa	4	1	280bps	4	0bps	4	0	410bps
Others	1	9	-730bps	1	-10bps	2	11	-820bps

#### PLFs (%)

Indigo	83.3	82.1	120bps	84.7	-140bps	86.4	79.9	650bps
Tata Group								
- Air India	85.5	82.7	280bps	84.7	80bps	86.4	77.5	900bps
- Vistara	89.2	85.5	370bps	92.0	-280bps	91.1	84.4	670bps
- AirAsia	83.4	84.2	-80bps	82.5	90bps	86.4	78.0	840bps
Spicejet	90.1	88.1	200bps	91.4	-130bps	91.7	86.0	570bps
Akasa	86.6	77.5	910bps	88.1	-150bps	88.0	70.5	1740bps

Source: DGCA, Emkay Research

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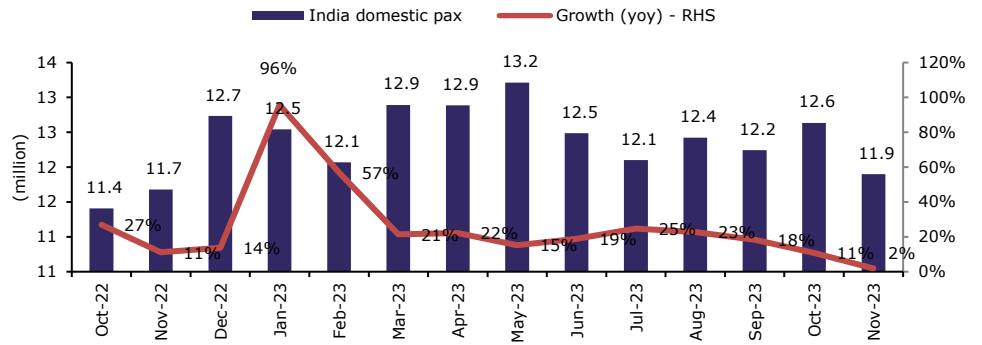
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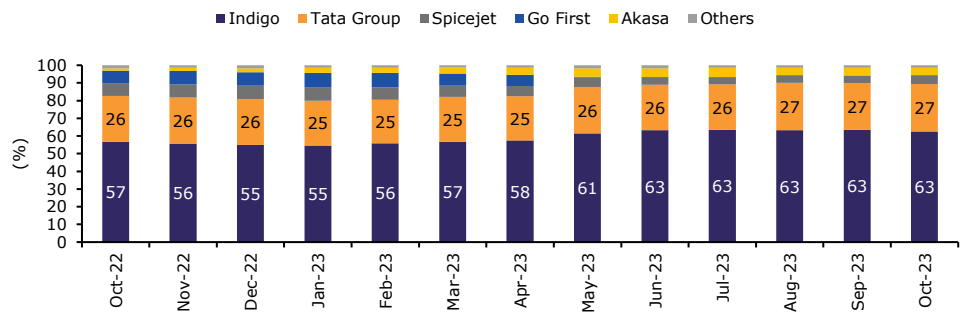
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**Exhibit 1: Indian domestic pax growth was 11% YoY in Oct-23; the Nov-23 trend seems weak**



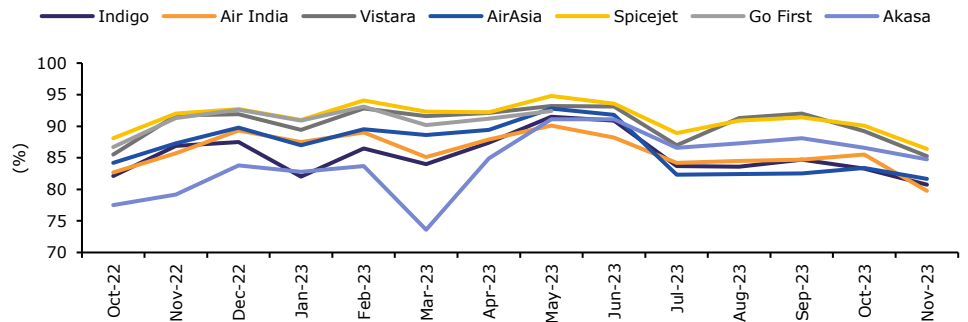
Source: DGCA, Emkay Research; Nov-23 includes daily average till 16-Nov-2023

**Exhibit 2: Indigo's pax market share steady in Oct-23**



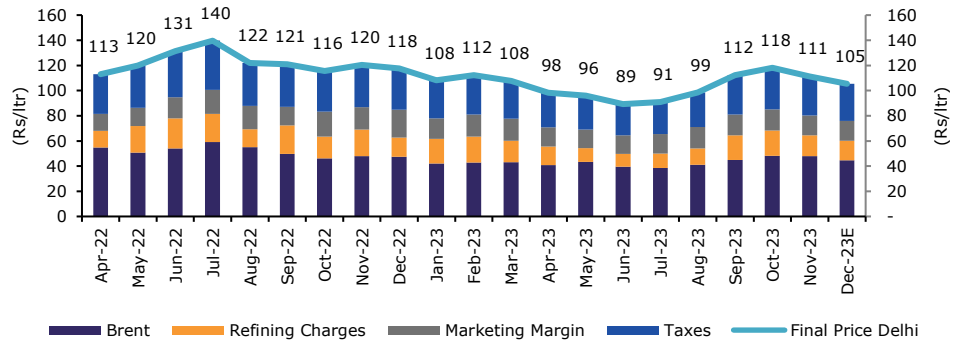
Source: DGCA, Emkay Research

**Exhibit 3: Monthly PLF trends across airlines**



Source: DGCA, Emkay Research; Nov-23 includes daily average till 16-Nov-2023

**Exhibit 4: ATF price trend**



Source: IOCL, Bloomberg, Emkay Research

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