

Domestic air traffic was healthy in May-26, supported by robust seasonal travel demand. However, daily trends in Jun-26 point to moderate growth. While IndiGo retained its market leadership, the Air India Group gained market share at the expense of SpiceJet. Easing geopolitical tensions in the Middle East have improved the operating scenario, with lower ATF prices and gradual restoration of West Asia operations. However, the current situation remains volatile.

Healthy pax growth in May-26; SpiceJet's market share continues to slide

India's domestic passenger air traffic increased 9% yoy to 15.4mn in May-26, largely supported by strong seasonal travel demand. However, daily traffic trends in Jun-26 indicate a moderation in growth to ~1% yoy, reflecting the normalization of demand following the peak summer travel season. IndiGo maintained its dominant position in the domestic space, although its market share narrowed by 10bps mom to 64.9% in May-26, while the Air India Group gained 90bps mom, with its market share rising to 25.6%. SpiceJet's market share continued to decline, shrinking by 90bps mom to 2.5%, while Akasa's share was broadly unchanged at 5.8%.

Load factors recover in May-26; punctuality weakens amid fewer cancellations

Passenger load factor (PLF) recovered in May-26, with major airlines reporting healthy mom improvement. SpiceJet reported the highest monthly uptick of 6.7pp, resulting in May-26 PLF of 87.4%. The Air India Group and IndiGo followed, reporting mom upticks of 5.0pp and 3.7pp, with PLF up at 83.5% and 86.4%, respectively. Akasa's PLF rose 0.7pp mom to 92.5%. Despite the recovery in PLF, SpiceJet's continued loss of market share indicates that its operating fleet remains under pressure. On-time performance (OTP) declined sequentially across key airlines in May-26. IndiGo remained the most punctual, with OTP of 82.8%, followed by Akasa at 78.3%. The Air India Group saw a notable drop, with OTP declining to 74.5% from 82.4% in Apr-26, while SpiceJet reported the lowest OTP, declining to 26.5% from 31.2% in Apr-26. Cancellations moderated during the month, particularly for the Air India Group, whose cancellation rate nearly halved to 0.39% from 0.82% in Apr-26. IndiGo's cancellation rate also eased marginally to 0.36% from 0.39%. Akasa maintained the lowest cancellation rate, at 0.14%, while SpiceJet continued to report the highest, at 4.04%.

Easing geopolitical tensions provide relief on fuel costs and operations

The easing of geopolitical tensions in the Middle East, coupled with softening crude oil prices and lower jet fuel cracks, prompted PSU OMCs to reduce Jul-26 ATF prices by ~Rs5/ltr to ~Rs110/ltr (in Delhi), providing relief to airline operating costs. Reflecting the improved fuel cost environment, Air India has reduced fuel surcharges by ~40–50% on select international routes, while airlines have gradually restored services to West Asia as regional airspace restrictions eased. However, per sources, AERA is unlikely to extend the temporary three-month 25% waiver on landing and parking charges at major airports, given the improvement in airlines' operating environment.

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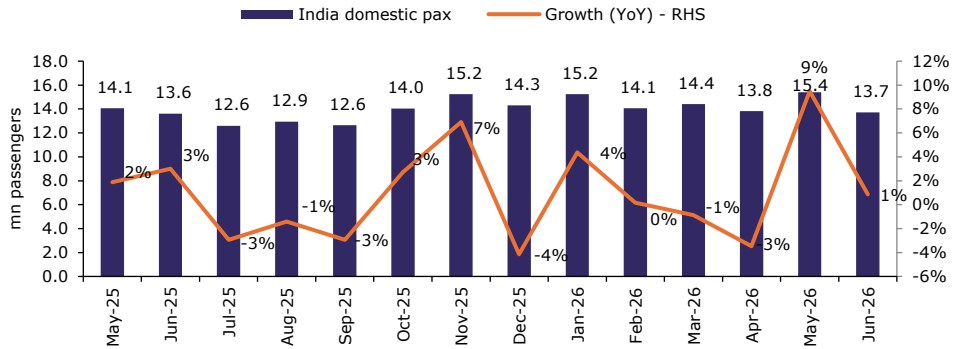
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Domestic aviation snapshot: May-26

Parameters	May-26	May-25	YoY	Apr-26	MoM	FY27-YTD	FY26-YTD	YoY
Domestic Pax (mn)	15.4	14.1	9.5%	13.8	11.4%	29.2	28.4	2.9%
Avg daily pax (mn)	0.50	0.45	9.5%	0.46	7.8%	0.48	0.47	2.9%
Pax Mkt share (%)								
IndiGo	65	65	30bps	65	-10bps	65	64	60bps
Tata Group	26	27	-90bps	25	90bps	25	27	-170bps
SpiceJet	3	2	10bps	3	-90bps	3	3	40bps
Akasa	6	5	50bps	6	0bps	6	5	60bps
Others	1	1	0bps	1	10bps	1	1	0bps
PLFs (%)								
IndiGo	86.4	85.1	130bps	82.7	370bps	84.6	86.0	-140bps
Air India Group	83.5	80.2	330bps	78.5	500bps	81.0	81.8	-80bps
SpiceJet	87.4	84.0	340bps	80.7	670bps	84.1	85.0	-90bps
Akasa	92.5	91.4	110bps	91.8	70bps	92.2	92.2	0bps

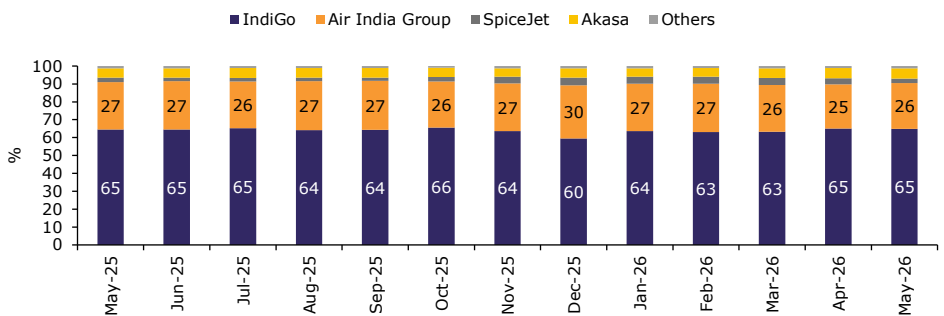
Source: DGCA, Emkay Research

Exhibit 1: India's domestic pax traffic rose 9% YoY in May-26; moderation seen in Jun-26



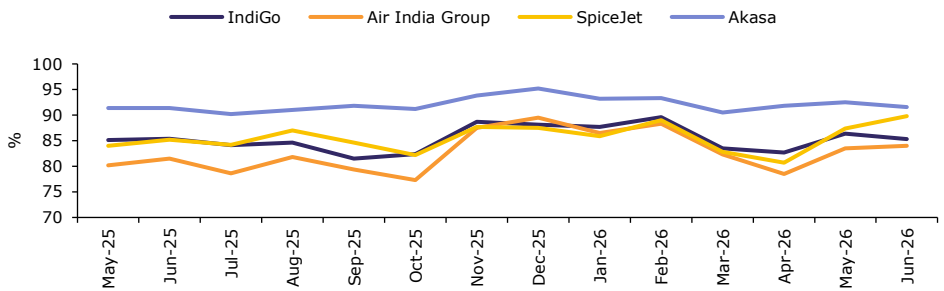
Source: DGCA, Emkay Research

Exhibit 2: IndiGo's pax market share largely held steady in May-26



Source: DGCA, Emkay Research

Exhibit 3: Monthly PLF trends across domestic airlines



Source: DGCA, Emkay Research

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