

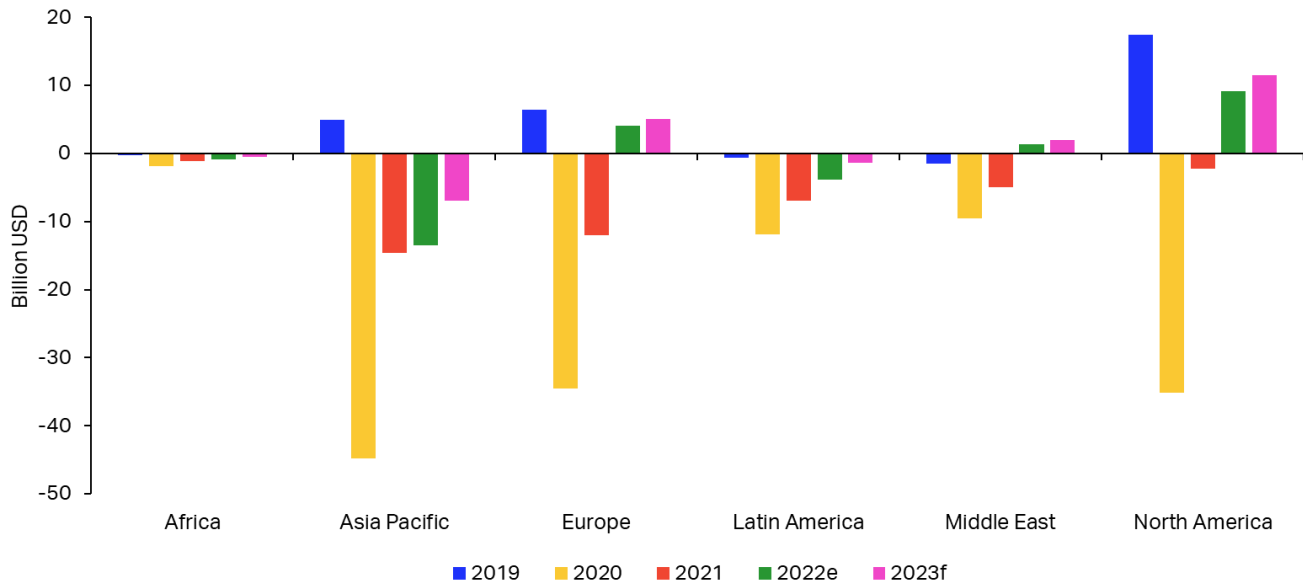


# Chart of the Week

16 June 2023

## Regional financial outlooks improve, but differences remain

Regional net profit



Source: IATA

- As noted last week, the airline industry is forecast to return to profitability in 2023. Financial performance is improving across all regions, but significant differences in the financial results remain.
- Industry profitability in 2023 is generated by three regions only: North America, the Middle East and Europe. North American airlines recorded the strongest financial outcome in 2022, with an estimated profit of USD 9.1 billion. In part this reflects the large domestic markets coupled with a relatively early lifting of travel restrictions. In 2023 the profitability in North America is expected to reach USD 11.5 billion.
- Europe and the Middle East trail North America in terms of financial performance in both 2022 (estimated) and 2023 (forecast). Airlines in Europe generated approximately USD 4.1 billion in profit in 2022, which is expected to increase to USD 5.1 billion in 2023. Middle East airlines have benefited from the swift rebuilding of their global networks and generated an estimated USD 1.4 billion of net profit in 2022, with USD 2.0 billion forecast for 2023.
- The recovery in both traffic volumes and financial performance in Asia Pacific has lagged that of other regions. This has been driven by generally stricter and more enduring travel restrictions and lockdowns across the region. The losses in 2022 have reached USD 13.5 billion and are expected to decrease to USD 6.9 billion in 2023. Now that all travel restrictions have been lifted, we anticipate that the region will quickly close the gap to other regions, given the significant level of pent-up demand for air travel that has been released.
- The financial performance within Latin America and Africa is improving, but both regions are not expected to reach profitability before 2024. Africa remains a difficult market in which to operate an airline, with economic, infrastructure, and connectivity challenges impacting the industry performance. Within Latin America, the financial performance varies widely with some carriers expecting to post significant profits in 2023, while others face more difficult trading conditions. Despite these challenges, for both regions, there is robust demand for air travel which underpins the ongoing financial recovery towards profitability.
- Additional information on the financial forecast can be found in our recent Global Outlook [here](#).

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