

# Market Focus: Thriving or Surviving?

Wednesday 28 October 2026

# Speakers



**John Grant**

Chief Analyst, OAG

With a wealth of experience across the global aviation industry, John provides expert commentary on market developments for OAG, making connections between what the data is telling us and the trends and events occurring in the sector.



**Shukor Yusof**

Founder, Endau Analytics

Shukor Yusof founded aviation and economics research advisory company Endau Analytics in mid 2014. Before that he served as aviation and supervisory analyst at US ratings agency Standard & Poor's since 2000, focusing on the Asia-Pacific region. Shukor is a frequent commentator on the aviation industry and is regularly cited and interviewed by trade industry publications and the international media.



**Mayur Patel**

Regional Commercial and Industry Affairs Leader, OAG

Mayur (Mac) is responsible for business development and leading the sales organisation in Japan and Asia Pacific for OAG. Prior to joining OAG, he was with Amadeus and IATA overseeing sales of Travel Intelligence solution and services in the Asia Pacific and the Middle East regions.



**Deirdre Fulton**

Partner, MIDAS Aviation

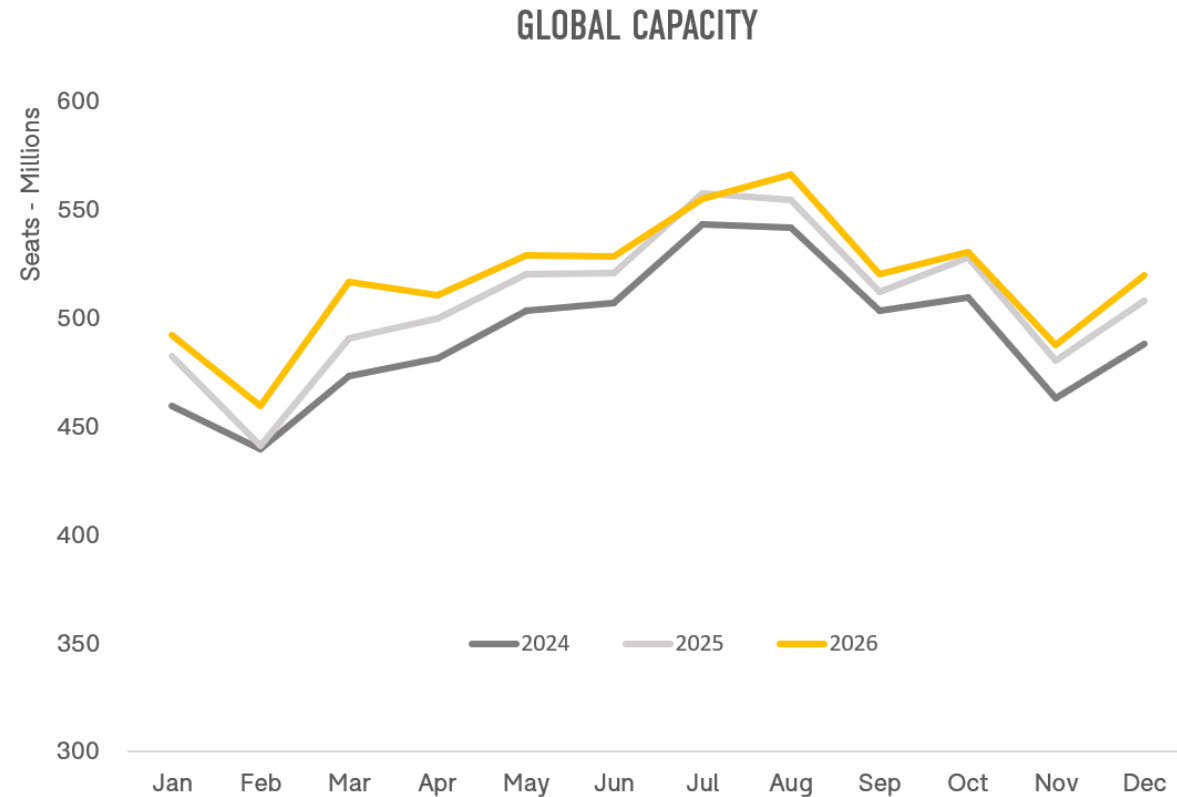
Deirdre is a partner in an aviation consultancy providing meaningful insight and analysis to clients around the world. She works closely with OAG on their data analysis and publications.

# Today's discussion

Join us as we look into the imminent winter season and investigate which markets are thriving, and which are just surviving. We'll be taking a deeper look at some of the following:

- How the winter season is shaping up globally
- How Asia Pacific is responding to higher fuel prices
- Whether capacity discipline will hold, and who is already scaling back?

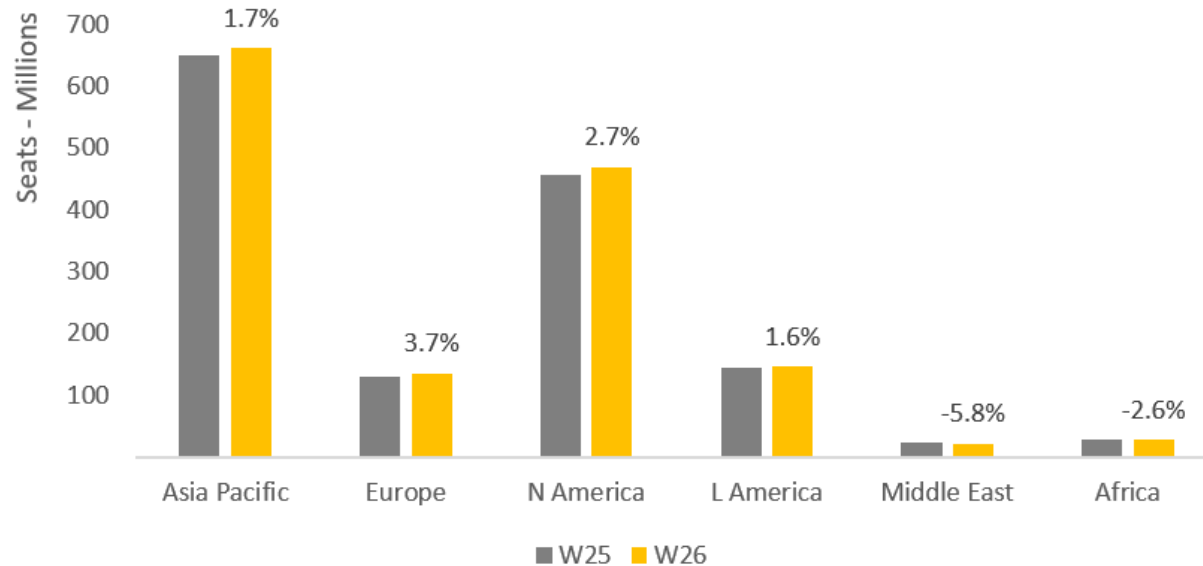
# Global capacity position this year remains steady



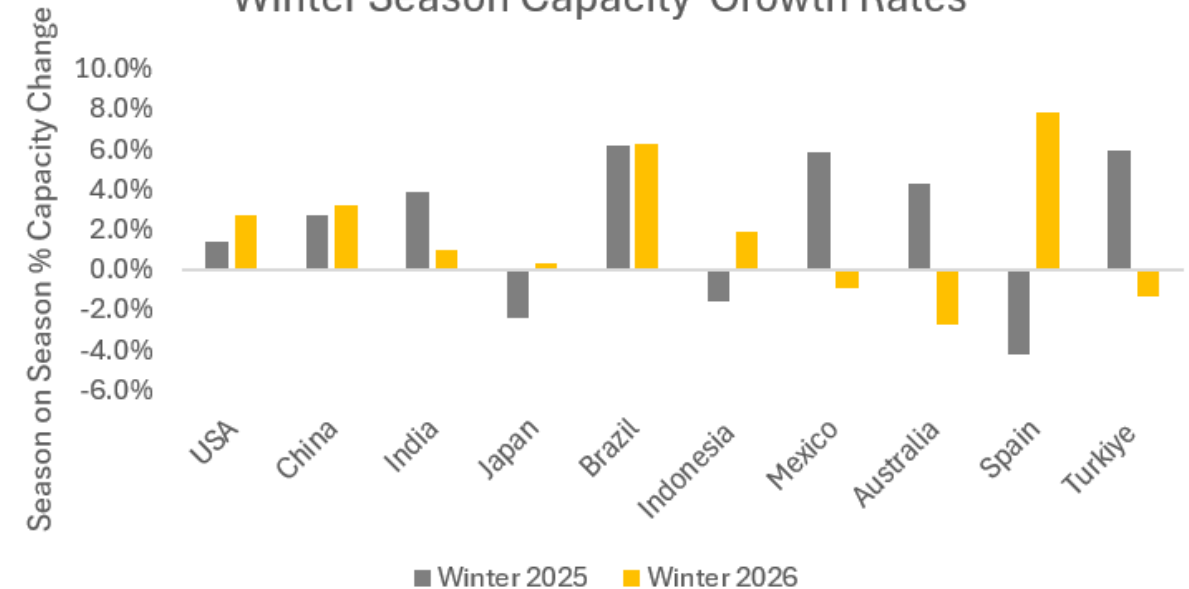
- Full year capacity looks set to be 2.0% ahead of 2025, with the first half of the winter season expected to see some cautious recovery.
- Capacity in October was just 0.5% ahead of 2025 but this is expected to reach 1.5% ahead of 2025 in November, and up 2.4% by December.

# Domestic capacity growth slows this winter

Domestic Capacity by Region  
Winter 2025 v 2026



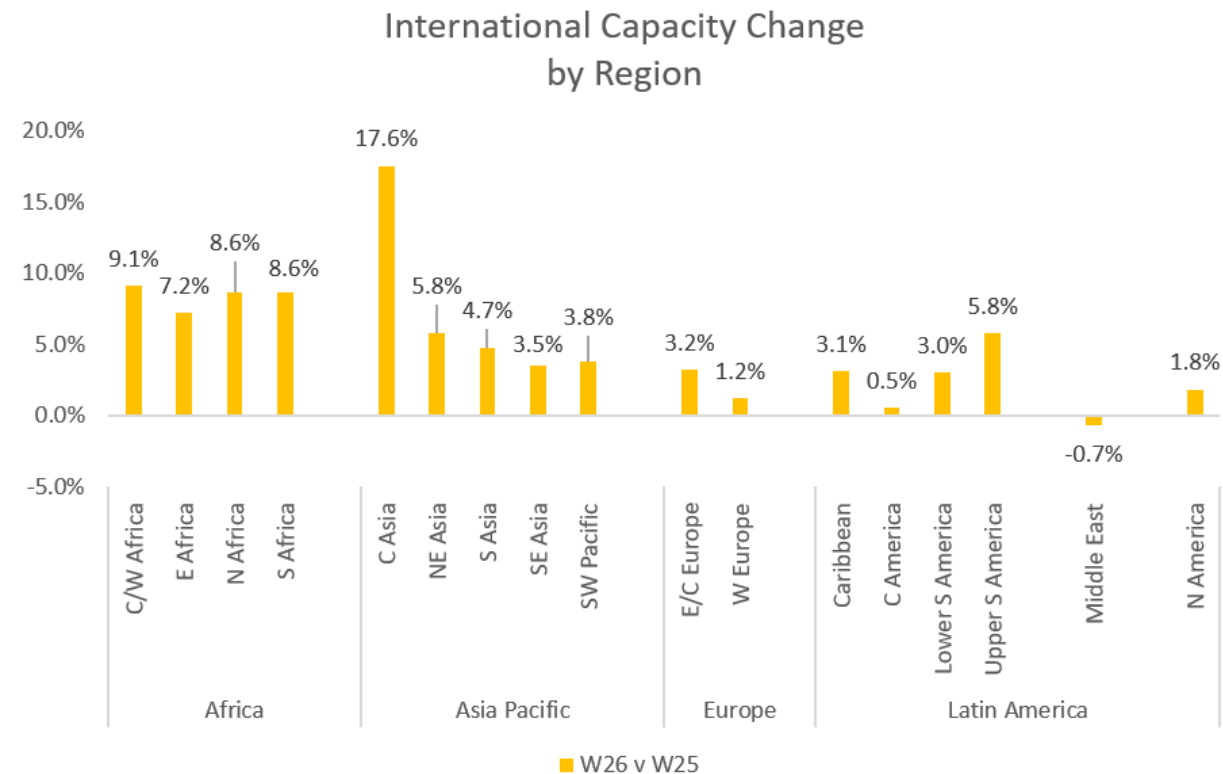
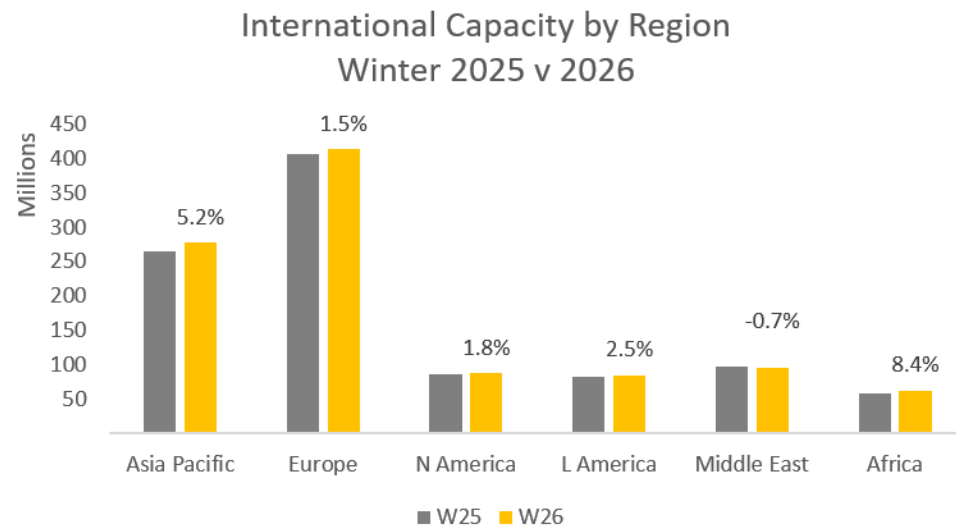
Top 10 Global Domestic Markets  
Winter Season Capacity Growth Rates



- At regional level, domestic growth is slower this winter in most markets, with the Middle East and Africa seeing capacity fall compared to last winter
- Domestic growth remains resilient in Europe with Spain seeing seat growth of 7.8% this winter and Italy up by 18.9% - both being driven by strong growth from Wizz Air in both markets. They have entered the Spanish domestic market this winter, and have also increased capacity significantly in Italy, increasing the domestic routes they operate from 5 to 23.
- China anticipated growth this winter season is above the regional growth trend at 3.2%, and ahead of the previous winter while India has seen domestic growth slow right down, from 3.9% in Winter 24, down to just 1.0% this Winter.

# Optimism remains in many international markets

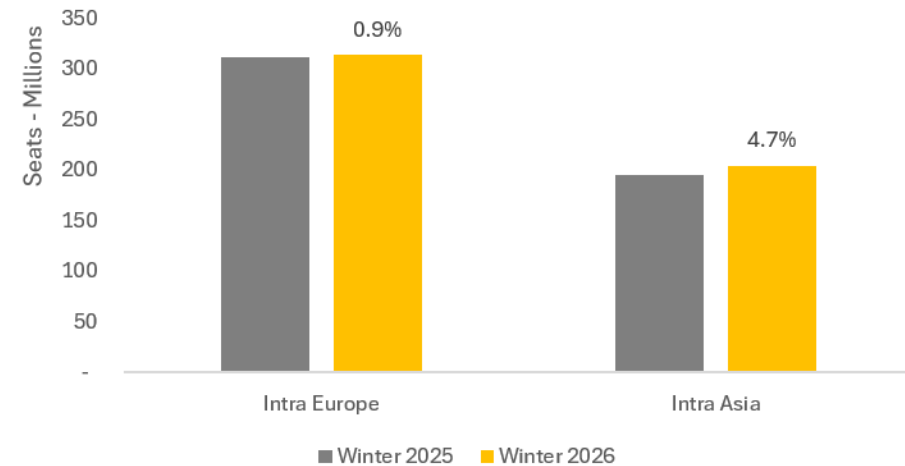
- All regions are expected to see capacity growth this winter except for the Middle East, which remains just below last winter's capacity level by 0.7%.
- Africa continues to have highest capacity growth, with strong growth expected right across the continent this winter
- Growth in Asia Pacific remains strong too, boosted in part by Central Asia which is growing at almost 20% on last winter, albeit from a small base, and North East Asia is also expected to see strong growth.



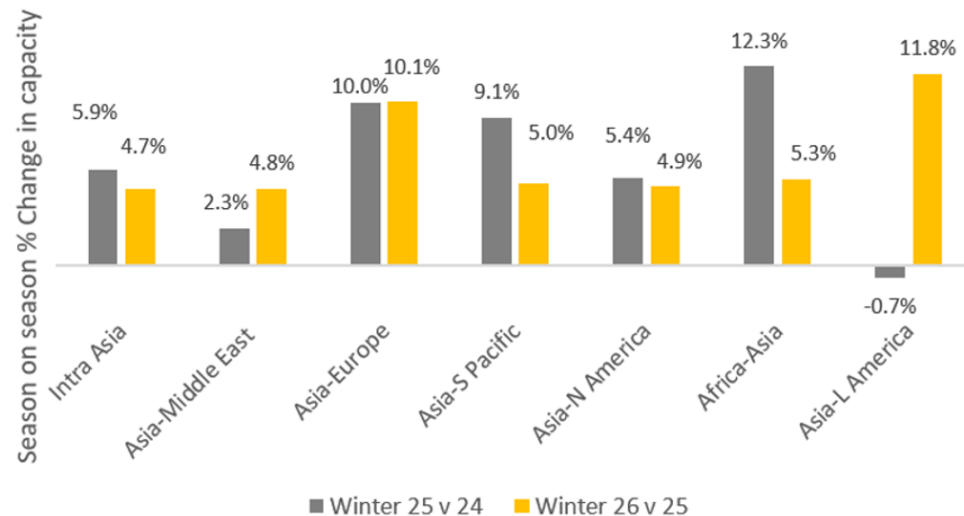
# Growth slows in Europe, Asia remains steady for now

- The two largest region pairs globally are travel within Europe and travel within Asia. Between them, these two mega markets account for 50% of all international capacity but growth is going in different directions in
- International capacity growth for travel within Europe is slowing this winter, down to just 0.9% ahead of Winter 25, as carriers battle with rising fuel costs and consumers face growing inflation. Last winter, capacity growth was 5% compared to Winter 2024.
- For travel within Asia, the growth rate has also slowed, from 5.9% last winter v's Winter 24, but remains a steady 4.7%.
- For Asian capacity, some other regions are seeing a slowing down; Asia – Southwest Pacific is down to 5% from 9.1% last winter, and Africa - Asian capacity is also down, from 12.3% growth to 5.3%.

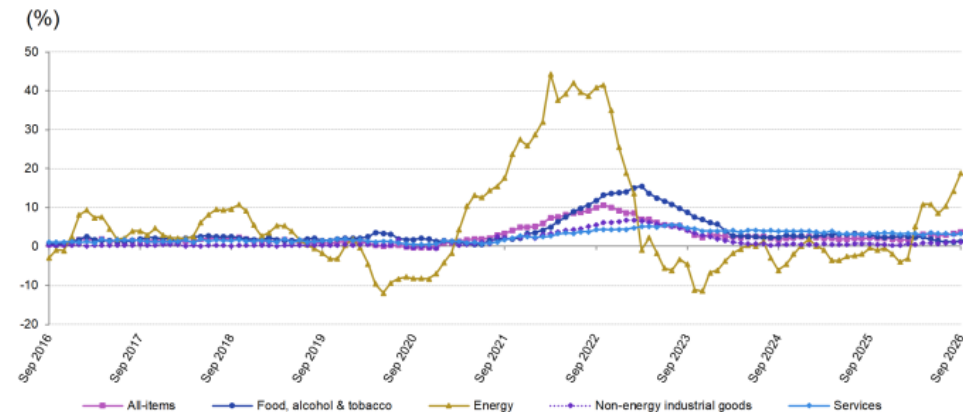
International Capacity - Key Region Pairs



Asia International Capacity



Euro area annual inflation and its main components, September 2016-September 2026



Source: Eurostat (online data code: prc\_hicp\_minr)

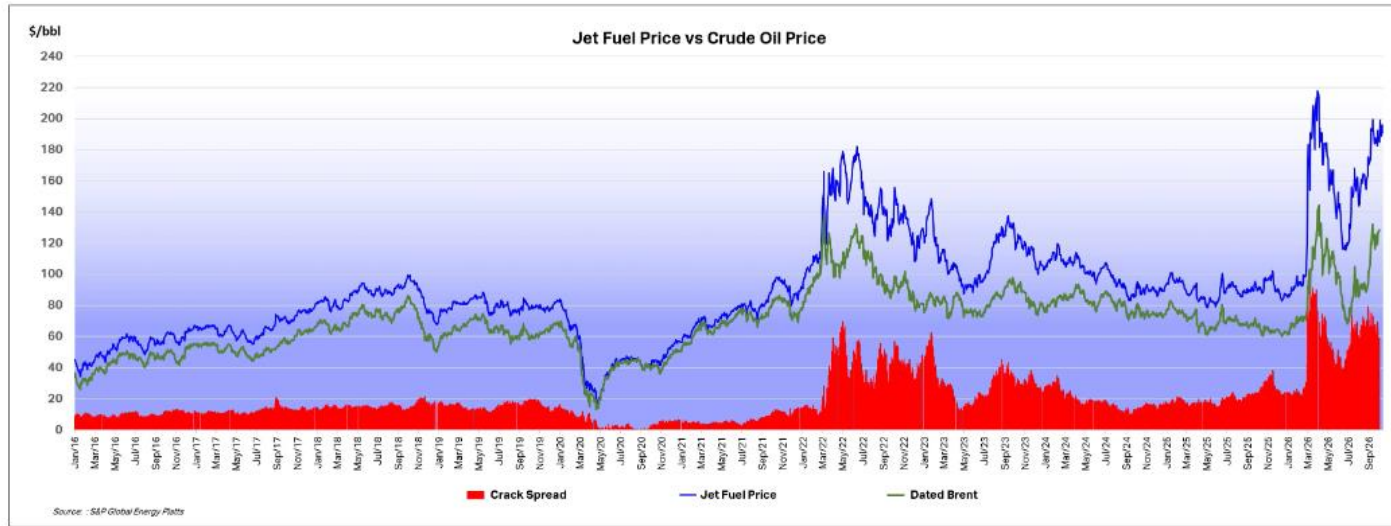
# Africa continues strong growth trend

- Looking beyond the largest two region pairs, strongest growth is taking place between Asia – Europe, largely as demand grows for routes avoiding the Middle East, and within Africa, where capacity is up by 10.1% and 10.6% respectively.
- On the Asia – Europe market, Central Asia accounts for around 30% of the increased capacity, with the remainder being added across NE Asia – Europe and SE Asia – Europe.
- Growth on routes to China accounts for over 80% of the NE Asia – Europe increase, with carriers adding capacity on routes between the UK, Germany, Türkiye, Belgium and China.
- Within Africa, strong growth is taking place across a number of markets, including between South Africa - Zimbabwe, Ethiopia – Nigeria, Egypt – LY and Ethiopia – Tanzania.
- Although still within the Top 10, capacity between Europe – Middle East, and capacity operating within the Middle East remains below the levels of Winter 25.



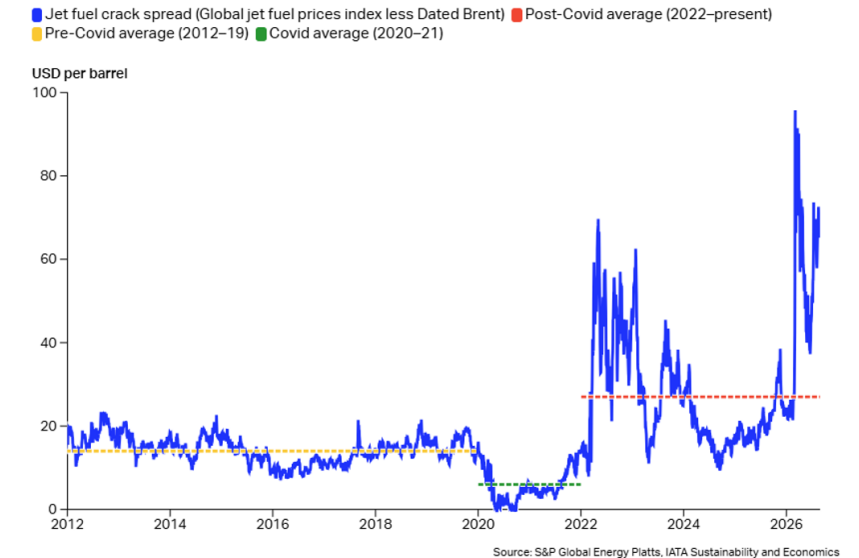
# Widening crack spread impacts airline costs

## Jet Fuel Price Developments - Longer Term Perspective



Source: © 2026 by (Platts) S&P Global Energy, a division of S&P Global Inc.

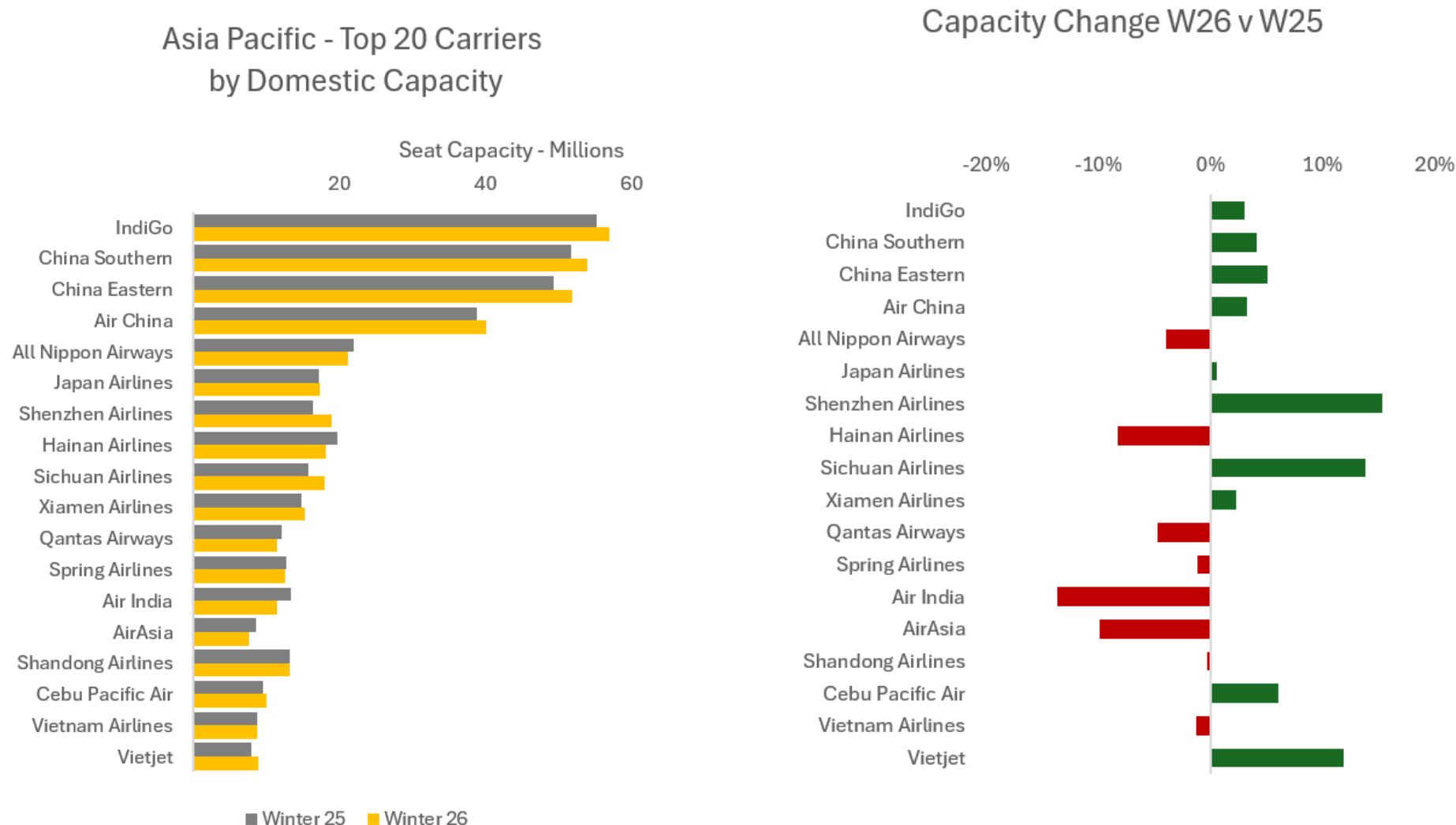
## Jet fuel crack spread, USD per barrel



Source: © International Air Transport Association, 2026.

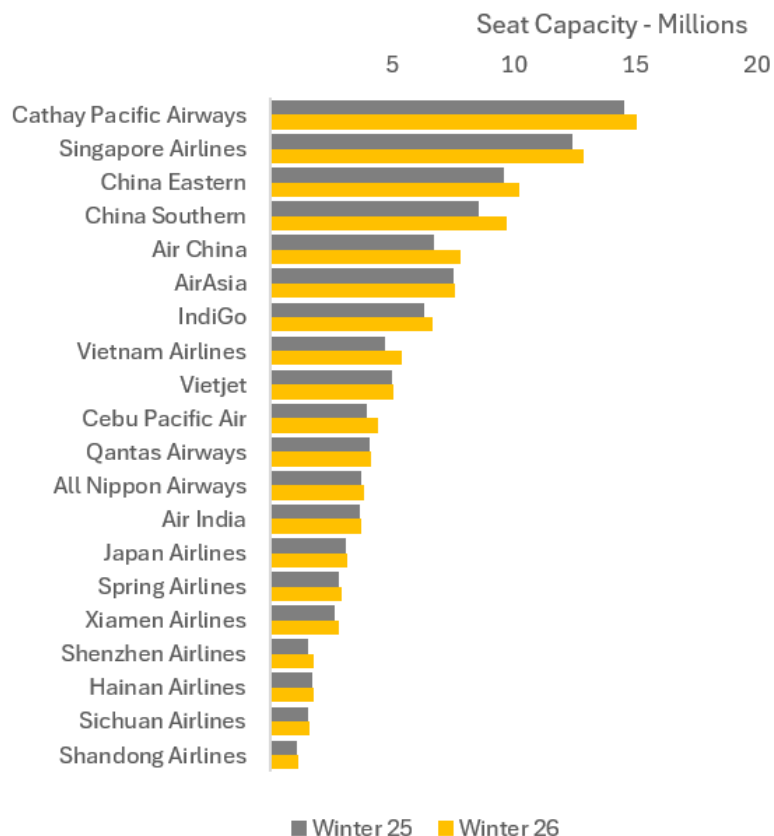
- The crack spread (gap between Jet Fuel and Crude oil prices) is widening, now higher than during the pandemic
- Airlines typically hedge against crude oil prices as jet fuel and crude oil were historically correlated, but this is changing, creating higher costs for airlines and greater uncertainty about future costs

# Asia's domestic carriers show mixed positions

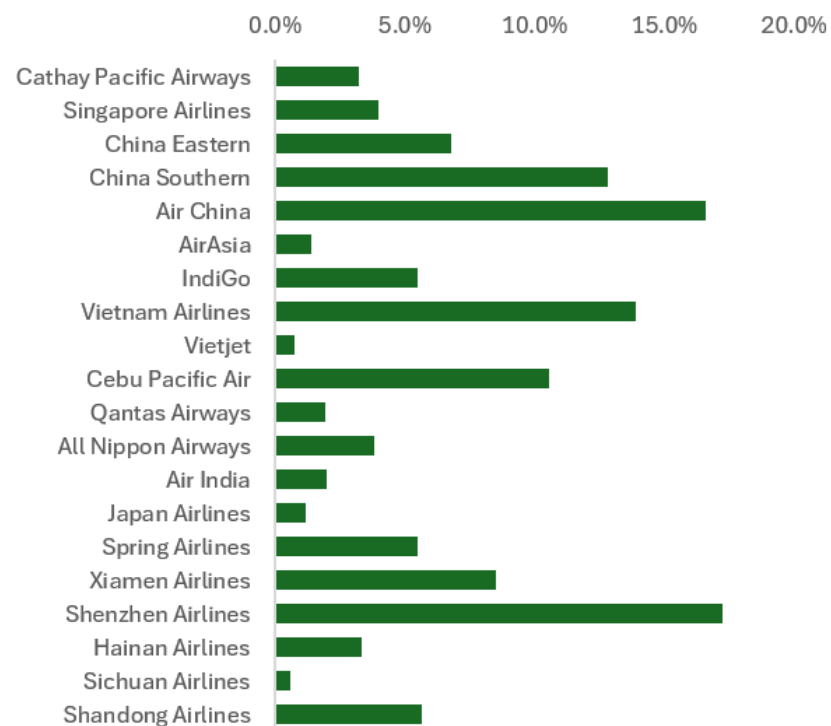


# While international are all in growth mode

Asia Pacific - Top 20 Carriers  
by International Capacity

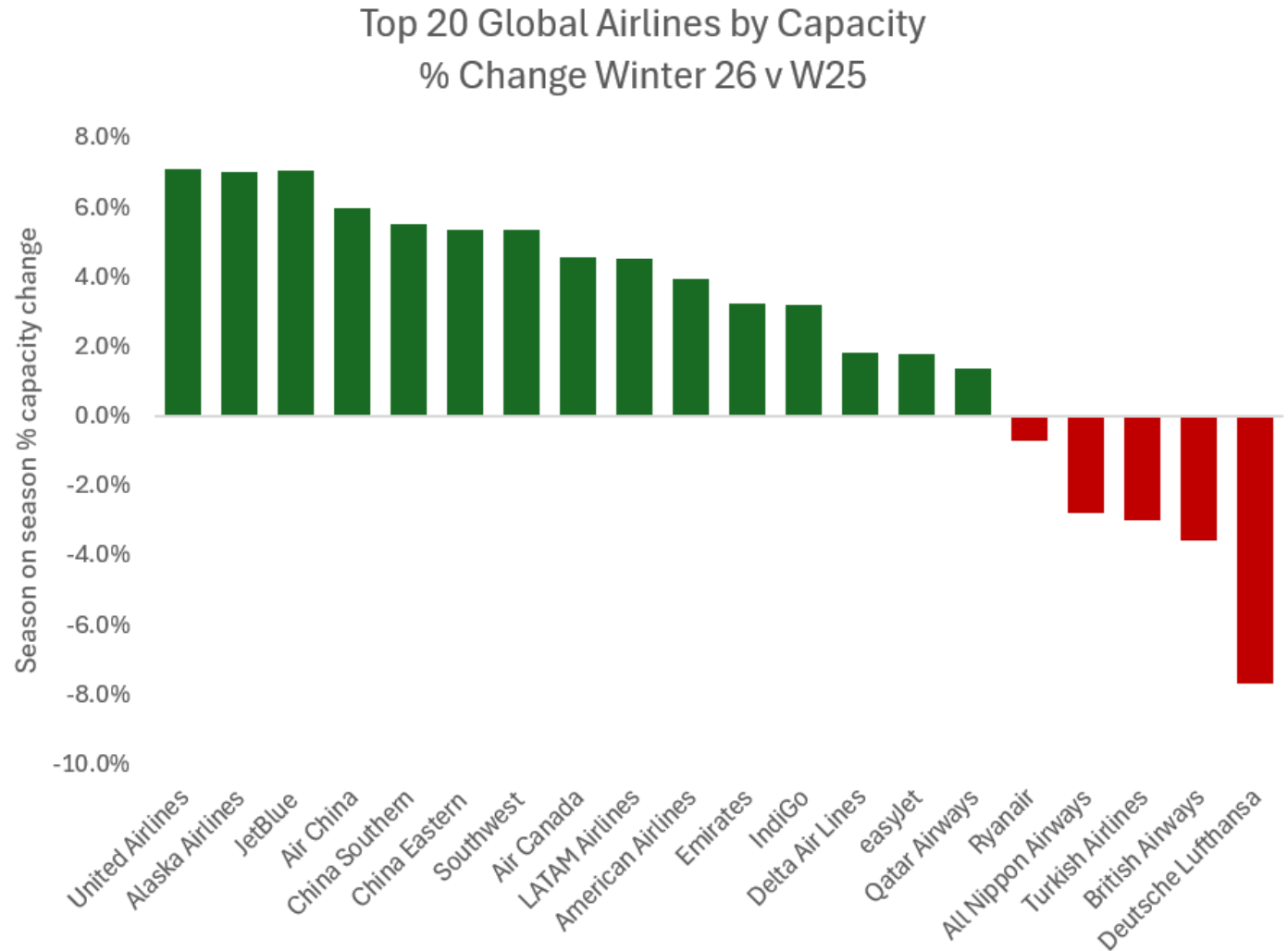


Capacity Change W26 v W25



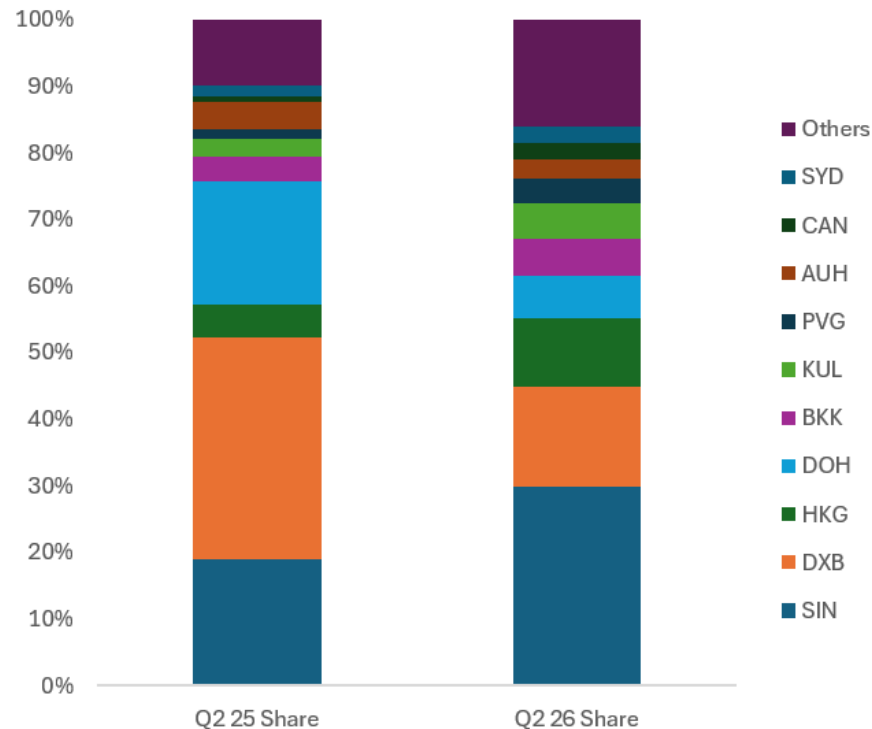
# European carriers are not immune either

- Looking across the Top 20 Airlines globally, there is a mixed picture this winter.
- 5 carriers – 4 of which are European based – are cutting capacity, reflecting concerns about fuel costs and demand this winter season.
- Strong domestic demand in the US and China mean capacity growth holds up for the US and China majors
- Both of the Middle East major carriers are planning for growth this winter – Emirates by 3.2% and Qatar by 1.4%. Although not in the Top 20, Etihad are also recording strong growth, with capacity up 19% this winter.

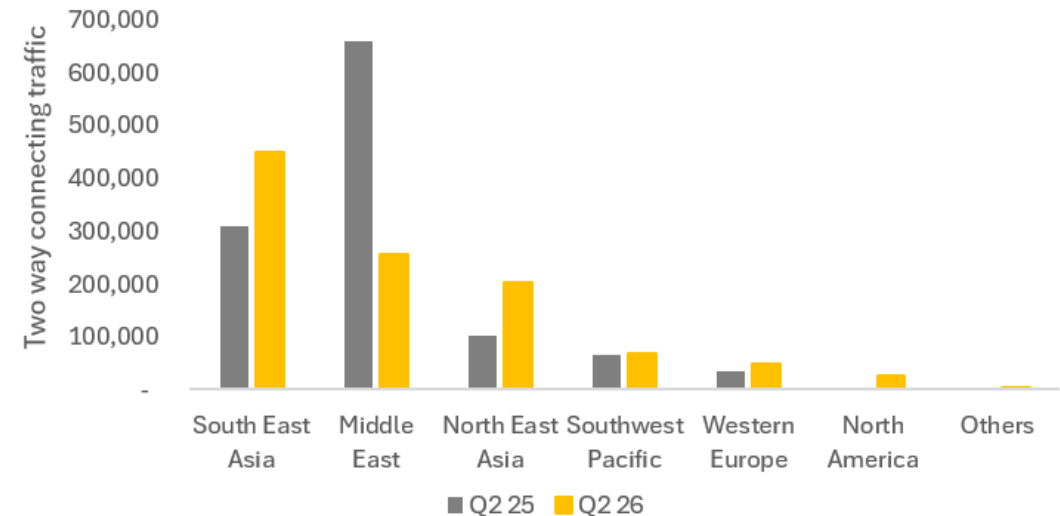


# The ripple effect of the Middle East war across Asia Pacific

Top 10 Hubs for Australia - Europe connecting traffic



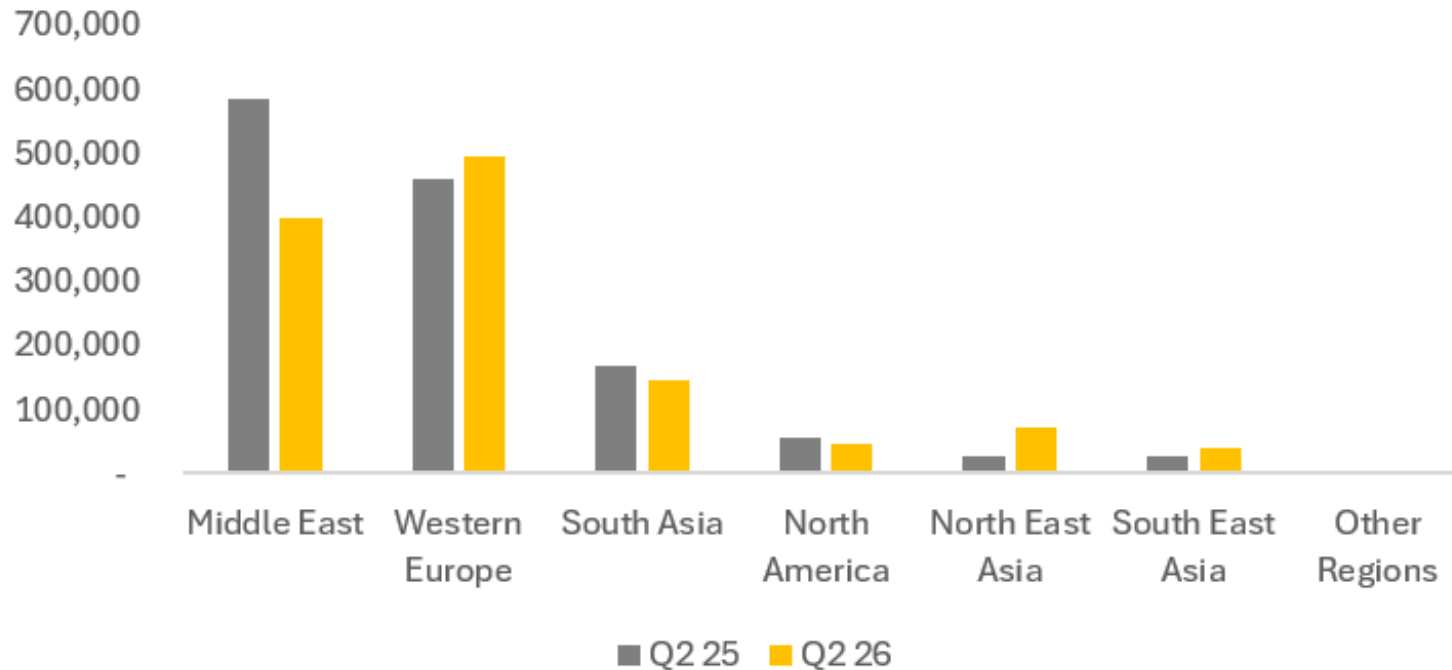
Australia - Europe O&D Indirect Traffic by Connecting Region



- In Q2 this year, passengers routing through the Middle East hubs between Australia and Europe were down by 31.7%, some 400,000.
- This loss is SE and NE Asia's gain, with hubs in those regions seeing growth in connecting traffic of 16.3% and 10.6% respectively.
- SIN has seen an increase in share of this market from 19% to 30% and HKG has grown from 5% to 10% as passengers seek alternative routings

# Indian traffic finds alternative routings to the US

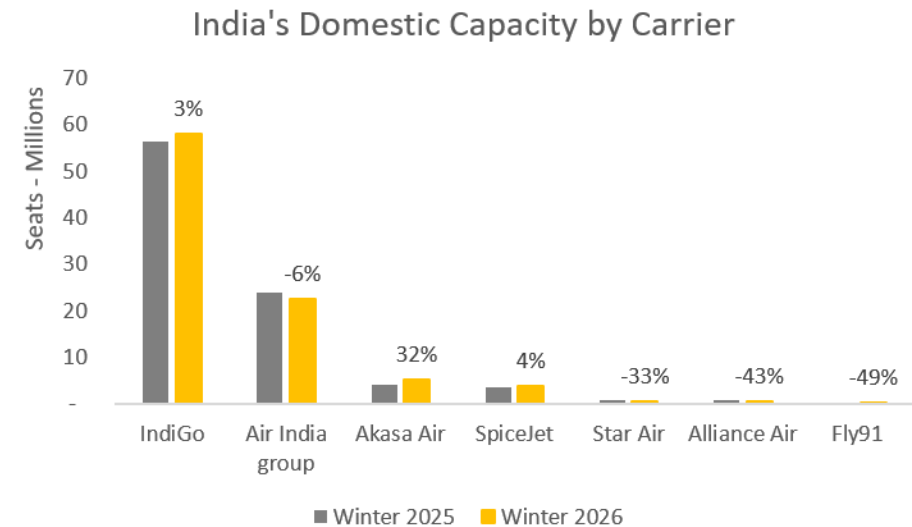
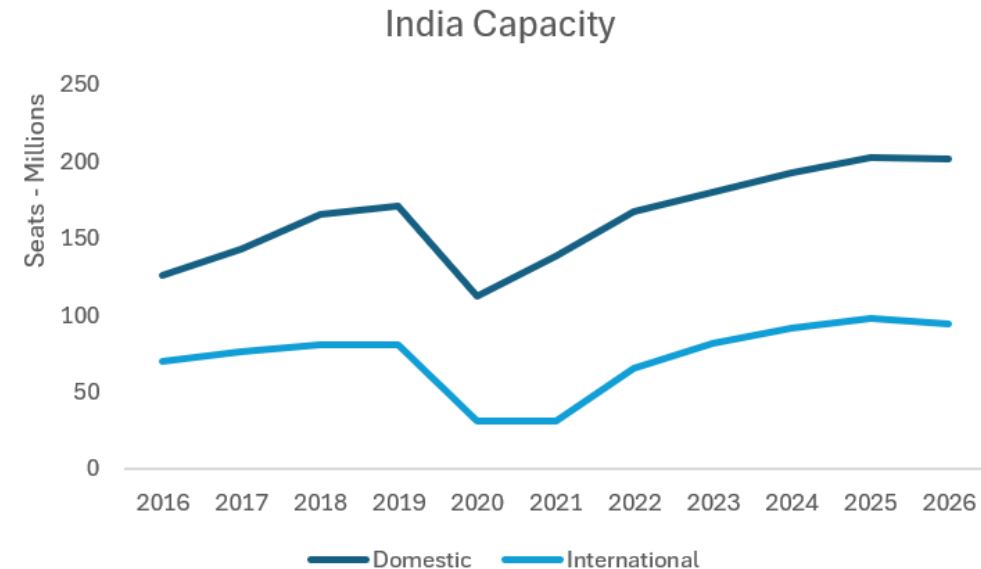
India - US O&D Indirect Traffic by Connecting Region



- In Q2 this year, passengers travelling from India to the United States have been finding alternative routings given the situation in the Middle East
- Passenger volumes travelling via the Middle East from India to the United States are down by 11%, with increases to both routes through Western Europe, up 6.5%, NE Asia, up 4.3%, and to a lesser extent, via SE Asia, which has seen a small increase of 1.3%.
- Hubs benefitting from redistributed Indian traffic include London Heathrow with an increase in market share on India-US of 3.7%, around 25,000 passengers in Q2, and Hong Kong, with an increase of 3.5%, around 40,000 passengers.
- Overall however the India – United States market is depressed, down by 124,000 on Q2 2025.

# India's capacity challenge

- Pre pandemic, India's domestic capacity was growing at over 10% annually, and international at 5% as India's economy boomed.
- The pandemic and the following years of aircraft delivery delays and supply chain issues have reset India's growth trajectory, and although both international and domestic markets recovered back to 2019 levels by 2023, since then, domestic growth rates have been below 4% annually.
- In 2026 both Domestic and International capacity growth stalled, with domestic falling by 1% and international by 4% as both of India's biggest carriers faced their own challenges.
- Domestically Indigo are set to return to growth this winter, increasing capacity by 3% but the Air India group remains 6% behind last winter.



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