

State of the region: The Americas

April 2021

Economy

GDP growth, selected countries

% change on a yr ago	2020	Q2 2020	Q3 2020	Q4 2020
United States	-3.5	-9.0	-2.8	-2.4
Brazil	-4.1	-10.9	-3.9	-1.1
Mexico	-8.5	-18.6	-8.5	-4.5
Canada	-5.4	-12.7	-5.3	-3.2
Argentina	-9.9	-19.0	-10.1	-4.3
Colombia	-6.8	-15.8	-8.5	-3.6
Chile	-6.0	-13.7	-10.2	-0.1
Peru	-11.1	-30.0	-9.0	-1.7
Latin America	-7.2	-16.0	-7.4	-3.1
World*	-3.6	-8.9	-2.7	-1.4

Source: Eikon Datastream * Market exchange rate basis

Exchange rates

end of period, # per US\$	2020	Jan-21	Feb-21	Mar-21
US\$ broad index	112.1	111.8	112.3	113.6
Brazilian real (BRL)	5.19	5.46	5.57	5.64
Mexican peso (MXN)	19.93	20.22	20.91	20.46
Argentine peso (ARS)	84.07	87.26	89.83	91.98
Colombian peso (COP)	3421	3560	3616	3675
Chilean peso (CLP)	711	732	723	718

Source: Board of Governors of the Federal Reserve System (US), Eikon Datastream

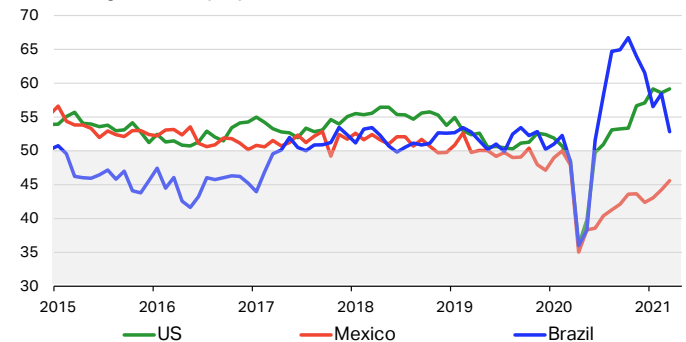
World oil and jet fuel price

US\$/barrel (period ave.)	2020	Jan-21	Feb-21	Mar-21
Crude oil (Brent)	43.4	55.2	62.4	65.8
Jet fuel	46.3	59.6	66.9	69.0

Source: Platts, Eikon Datastream (monthly average data)

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Source: Markit

- Operating backdrop for airlines in North America continued to improve amidst economic recovery and large-scale vaccination efforts in the region. In contrast, Latin America has been facing virus resurgence in several key markets and the economic impact of the crisis is expected to be significant.
- The trade-weighted US dollar index rose for the second consecutive month, up 1.2% in March. The ARS was the main mover amongst the key regional currencies, losing 2.4% against the US\$.
- Despite some volatility caused by European lockdowns and inflation concerns, average jet fuel and Brent crude oil price picked up in March, reflecting widespread optimism about the global economic recovery.

Market

Revenue passenger-kilometers (RPKs)

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	2020	Dec-20	Jan-21	Feb-21
Region (registration basis)				
N America	-65.2	-67.9	-66.3	-66.1
Latin America	-62.1	-57.5	-58.6	-62.4
World	-65.9	-69.5	-72.2	-74.7
Routes (segment basis)				
US domestic	-59.5	-61.5	-58.4	-56.1
Brazil domestic	-49.0	-33.0	-31.4	-34.9
Nth America-Europe	-80.4	-86.9	-85.4	-89.8
Nth America-Asia	-80.1	-92.2	-92.3	-93.4
Nth-Sth America	-68.8	-69.1	-71.9	-75.9
Sth America-Europe	-71.4	-75.8	-80.1	-88.8
Within Sth America	-76.2	-85.0	-87.1	-89.9

Source: IATA Economics Note: historical data may be subject to revision

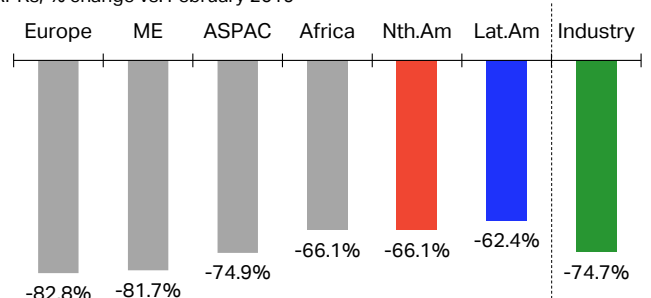
- Passenger traffic remained weak in February since new COVID-19 cases were elevated globally and governments maintained travel restrictions. Industry-wide revenue passenger-kilometres (RPKs) were 74.7% below pre-crisis levels in February 2019.
- RPKs flown by carriers based in the North America

region contracted by 66.1% compared with February 2019 – broadly unchanged rate of decline vs. January. That said, travel bookings have been rising in this region – a sign that passenger traffic might pick up in the near-term.

- Although Latin American airlines topped the RPK growth chart in February (passenger volumes down ~62.4% vs. the pre-crisis level), the region's recovery has been stalling across the key domestic and international routes.

Growth in passenger volumes, by region

RPKs, % change vs. February 2019



Source: IATA Economics

Cargo tonne-kilometers (CTKs)

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	2020	Dec-20	Jan-21	Feb-21
Region (registration basis)				
Nth America	4.5	14.5	17.6	17.1
Latin America	-21.4	-17.8	-15.4	-18.4
World	-9.1	1.2	4.1	9.0
Routes (segment basis)				
Nth America-Asia	7.6	19.4	26.6	38.6
Nth America-Europe	-17.7	-11.4	-9.3	-13.9
Nth-Sth America	-10.6	-1.4	-4.4	0.2
Sth America-Europe	-23.6	-13.6	-16.2	-6.2
Within Sth America	-32.8	-34.9	-38.1	-42.8

Source: IATA Economics Note: historical data may be subject to revision

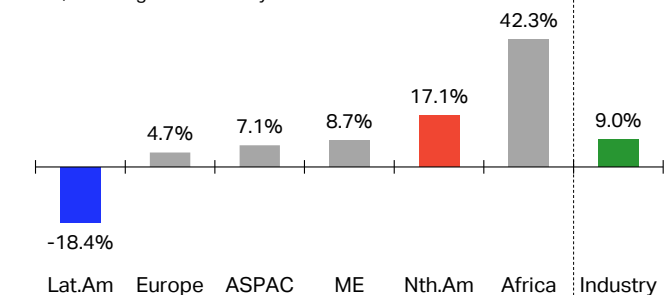
- Strong air cargo growth continued in February, supported by the wider economic recovery. Industry-wide cargo tonne-kilometres expanded by 9% compared with February 2019 – a robust improvement on a 4.1% growth in the previous month.
- CTKs flown by North American carriers rose by 17.1% compared with the pre-crisis levels – the second-best performance after Africa. The region's swift recovery

has been supported by improving economic backdrop and the rising popularity of online shopping.

- Latin America remained the only region with contracting CTKs in February. The local carriers flew 18.4% fewer cargo volumes compared with pre-crisis levels (Feb 2019). The weakness has been driven in particular by Within Central and Within South America markets that shrank by ~40% compared with 2019.

Growth in cargo volumes, by region

CTKs, % change vs. February 2019



Source: IATA Economics

Industry

Capacity growth and load factors

To aid understanding, we make % comparisons with pre-crisis 2019 period.

ASK/ACTK: % ch vs. the same period in 2019, LF: % of ASK/ACTK		2020	Dec-20	Jan-21	Feb-21
Passenger					
Nth America	ASK	-50.2	-48.5	-46.4	-48.1
	PLF	59.2	53.3	50.1	52.7
Latin America	ASK	-58.3	-51.8	-49.5	-55.1
	PLF	74.9	72.6	67.6	68.3
World	ASK	-56.7	-57.2	-59.2	-63.1
	PLF	65.1	58.5	54.3	55.4
Cargo					
Nth America	ACTK	-11.6	-3.1	0.6	1.9
	CLF	46.7	46.4	52.0	45.3
Latin America	ACTK	-35.0	-30.3	-31.0	-37.8
	CLF	42.5	36.5	38.6	42.9
World	ACTK	-21.2	-14.6	-16.6	-14.9
	CLF	53.9	56.2	58.5	57.5

Source: IATA Economics. Note: LF=seasonally adjusted load factor. ASK=available seat-kilometers. ACTK=available cargo tonne-kilometers

- Industry-wide available seat-kilometres (ASKs) were 63.1% lower than pre-crisis outcomes in February 2019, after a 59.2% fall in January. ASKs of North American airlines contracted by 48.1% while Latin American carriers reported ASKs down 55.1%.
- February was another month of record-low passenger load factors, with the industry-wide metric down 25.3 percentage points compared with February 2019, at 55.4%. The average PLF of Lat.Am and Nth.Am airlines was at 68.3% and 52.7%, respectively.
- The recovery in global cargo capacity remained adversely impacted by the groundings of passenger aircraft. Industry-wide available seat-kilometres (ACTKs) fell by 15% compared with Feb 2019. At the regional level, capacity developments were mixed. While the contraction in Lat.Am ACTKs accelerated to

- 37.8%, cargo capacity of Nth.Am carriers rose above pre-crisis levels (+1.9% vs. Feb 2019).

- The global CLF reached 57.5%, a record high outcome for any month of February in our time series. Nth.Am carriers reported the CLF at 45.3% while Lat.Am airlines at 42.9% – both below the industry average.

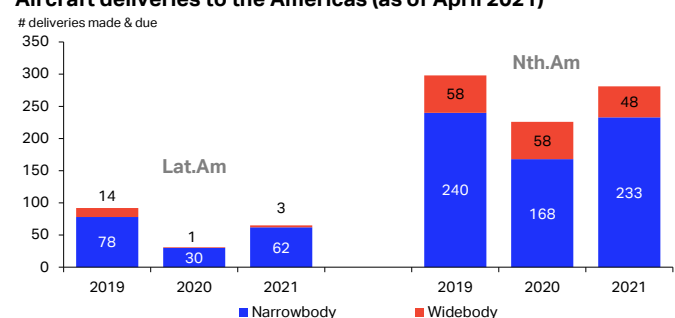
Airline operating (EBIT) margins*

% revenues	2019	2020	2019Q4	2020Q4
Nth America	9.6	-30	9.9	-57
Latin America	2.9	-33	9.4	-36
Industry	5.2	-28	8.2	-45

Source: Airline Analyst * constant sample basis, not seasonally adjusted

- Our latest sample of airline financial results shows further substantial losses in Q4 2020. The resurgence of virus cases and the renewed restrictive measures weighed on travel demand during the quarter. However, initial Q1 2021 results indicate an improvement for North American carriers' financials.
- As of April 2021, aircraft deliveries scheduled by airlines based in the Latin and North America region are expected to increase compared with 2020 levels as the pandemic gets under better control in some countries. However, they will most likely not reach 2019 levels when the number of deliveries was adversely impacted by the groundings of Max 737.

Aircraft deliveries to the Americas (as of April 2021)



Source: Ascend