

# State of the region: The Americas

December 2020

## Economy

### GDP growth, selected countries

% change on a yr ago	2019	Q1 2020	Q2 2020	Q3 2020
United States	2.2	0.3	-9.0	-2.9
Brazil	1.4	-0.3	-10.9	-3.9
Mexico	0.0	-2.2	-18.7	-8.6
Canada	1.9	-0.3	-12.5	-5.2
Argentina	-2.1	-5.2	-19.0	-10.2
Colombia	3.3	1.2	-15.8	-9.0
Chile	1.0	0.4	-14.0	-10.3
Peru	2.2	-3.5	-29.8	-9.4
Latin America	-0.1	-2.3	-16.0	-7.5
<b>World*</b>	<b>2.5</b>	<b>-1.6</b>	<b>-9.0</b>	<b>-2.9</b>

Source: Datastream \* Market exchange rate basis

### Exchange rates

end of period, # per US\$	2019	Sep-20	Oct-20	Nov-20
US\$ broad index	114.7	117.3	116.5	113.6
Brazilian real (BRL)	4.02	5.64	5.77	5.39
Mexican peso (MXN)	18.88	22.08	21.28	20.16
Argentine peso (ARS)	59.87	76.17	78.34	81.30
Colombian peso (COP)	3282	3854	3855	3586
Chilean peso (CLP)	752	788	774	767

Source: Datastream

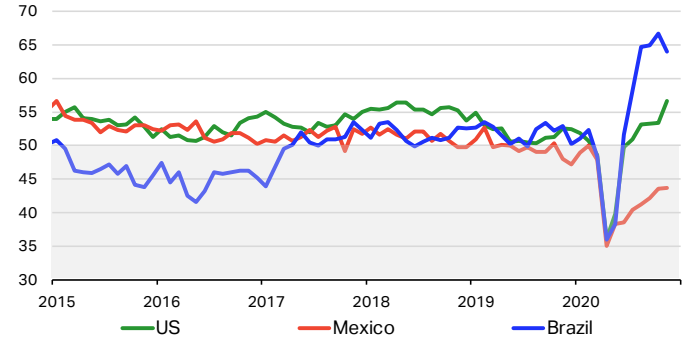
### World oil and jet fuel price

US\$/barrel (period ave.)	2019	Sep-20	Oct-20	Nov-20
Crude oil (Brent)	64.2	41.9	41.6	44.1
Jet fuel	79.6	41.1	43.5	47.7

Source: Platts, Datastream (monthly average data)

### Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Source: Markit

- The recovery of the manufacturing sector halted in Mexico following the spike of COVID-19 infections. In Brazil, manufacturers' sentiment eased slightly due to rising input costs while it picked up in the US on positive vaccine news.
- The trade weighted US dollar index fell by 2.5% in November amidst investors' hopes that vaccines will accelerate the global economic recovery. Of the key regional currencies, the BRL and COP were the main movers, gaining 7% against the US\$.
- Brent Crude oil and jet fuel price also reflected positive news flow about the vaccine, rising by 2% and 4%, respectively versus October.

## Market

### Revenue passenger-kilometers (RPKs)

% change on a yr ago	2019	Aug-20	Sep-20	Oct-20
<b>Region (registration basis)</b>				
N America	4.0	-77.5	-74.1	-70.1
Latin America	4.2	-81.7	-76.2	-68.0
World	4.1	-74.8	-72.2	-70.6
<b>Routes (segment basis)</b>				
US domestic	4.3	-69.2	-64.2	-60.7
Brazil domestic	0.4	-67.0	-55.3	-44.5
Nth America-Europe	4.3	-92.9	-92.5	-92.0
Nth America-Asia	2.4	-93.5	-93.7	-93.7
Nth-Sth America	-2.7	-92.4	-89.0	-82.6
Sth America-Europe	8.0	-91.1	-90.0	-87.8
Within Sth America	-2.9	-99.5	-99.2	-96.4

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

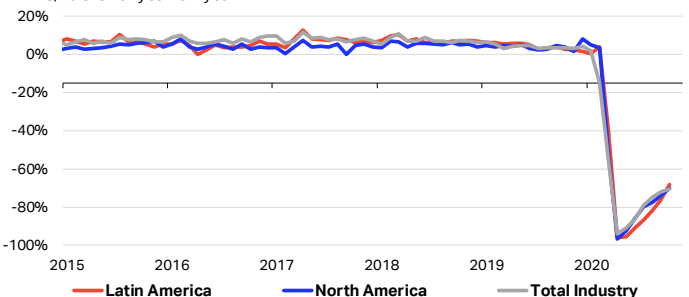
- Industry-wide revenue passenger-kilometres (RPKs) fell by 70.6% year-on-year in October, a modest improvement from the 72.2% decline in September. As in the previous months, the gain was driven by domestic markets.
- Airlines based in North America penciled in soft performance in October as international traffic

remained muted. The region's RPKs were down 70%yoy compared with a 74% decline in September. Domestic RPKs of US airlines fell by almost 61%yoy – a weak outcome reflecting elevated COVID-19 cases.

- Latin American airlines reported a more robust improvement, with the annual RPK contraction easing by a robust 8ppts, to -68%yoy in October. Brazil's domestic RPKs improved significantly, with an annual decline of -44.5%yoy this month.

### Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Economics

## Cargo tonne-kilometers (CTKs)

% change on a yr ago	2019	Aug-20	Sep-20	Oct-20
<b>Region (registration basis)</b>				
Nth America	-1.0	1.4	8.6	6.2
Latin America	-0.2	-26.5	-22.8	-13.0
World	-3.2	-12.0	-7.8	-6.2
<b>Routes (segment basis)</b>				
Nth America-Asia	-3.7	3.3	3.8	5.5
Nth America-Europe	-2.5	-24.4	-19.2	-17.5
Nth-Sth America	-6.7	-16.5	-10.8	5.6
Sth America-Europe	-3.1	-31.9	-26.6	-17.0
Within Sth America	-8.6	-48.7	-48.2	-50.9

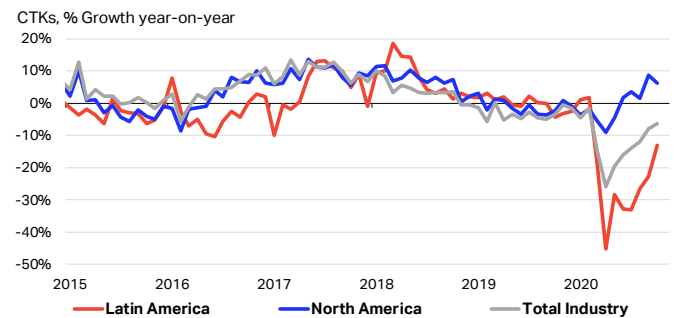
Source: IATA Economics Note: historical data may be subject to revision

- Industry-wide cargo tonne-kilometres (CTKs) fell by 6.2% year-on-year versus a 7.8% fall in the previous month. The pace of improvement softened modestly compared with September.
- Performance of North American airlines softened slightly to a still solid 6.2%yoy following a strong rebound (8.6%yoy) in the previous month. The larger North America-Asia market remains a key contributor

to the region's rebound in international CTKs due to a strong US demand for Asian goods. Nth-Sth.Am routes also contributed to growth this month, posting a 5.6% annual increase in cargo volumes.

- The annual CTK contraction for Latin American airlines almost halved to -13% in October – the fastest improvement of all regions. The outcome partly reflects improving operating conditions in a number of key markets including Brazil, and recovering capacity.

### Growth in air cargo volumes



Source: IATA Economics

## Industry

### Capacity growth and load factors

ASK/ACTK: % ch on a yr ago, LF: % of ASK/ACTK		2019	Aug-20	Sep-20	Oct-20
<b>Passenger</b>					
Nth America	ASK	2.9	-59.0	-59.5	-55.1
	PLF	84.8	47.9	52.9	55.8
Latin America	ASK	3.0	-77.6	-72.4	-63.9
	PLF	82.6	67.9	70.5	72.1
World	ASK	3.4	-63.4	-62.3	-59.9
	PLF	82.6	59.0	60.5	60.2
<b>Cargo</b>					
Nth America	ACTK	2.1	-22.1	-15.7	-16.4
	CLF	39.5	48.1	48.9	49.6
Latin America	ACTK	4.7	-43.1	-36.5	-32.2
	CLF	35.1	48.0	45.5	44.3
World	ACTK	2.1	-29.0	-25.5	-22.6
	CLF	46.8	54.8	57.2	57.6

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

- Airline seat capacity continued to recover faster than RPKs. As a result, the industry-wide passenger load factor (PLF) reached a new record-low for October (60%). At the regional level, the PLF was at 56% & 72% for Nth.Am and Lat.Am airlines, respectively.
- For freight, load factors remained at elevated levels amidst the ongoing capacity shortage that resulted from the grounding of passenger aircraft. The CLF of Lat.Am airlines was 10ppts above a year ago level while Nth.Am airlines recorded a 11ppts gain in their CLF.

### Airline operating (EBIT) margins\*

% revenues	2018	2019	2019Q3	2020Q3
Nth America	9.1	9.6	13.7	-91
Latin America	2.7	2.9	11.2	-94
Industry	5.7	5.2	12.7	-61

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

- Our latest sample of Q3 2020 results confirms that negative impact of the pandemic on airline financials persists. Airlines in all regions reported another quarter of sharp losses since the recovery in air travel demand was limited.
- Note that the passenger yield data should be interpreted with caution due to the small number of tickets being sold amidst the pandemic crisis.

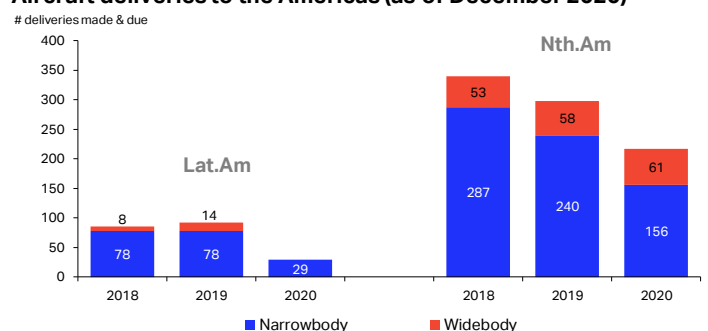
### Passenger yields (US\$, excl. surcharges & ancillaries)

% change on a yr ago	2019	Aug-20	Sep-20	Oct-20
Nth America-Europe	-3.4	-12.4	-24.6	-24.5
Nth America-Asia	-2.8	41.4	56.4	44.0
Nth-Sth America	-5.0	-26.3	-30.1	-21.2
Sth America-Europe	-14.8	-11.9	-23.9	-22.6
Sth America-Asia	-7.6	40.0	41.4	24.8
Within Sth America	-4.0	-31.4	-28.3	-31.0

Source: DDS Note: historical data may be subject to revision

- A sharp fall in jet aircraft deliveries is scheduled for carriers based in Latin America and North America in 2020 versus 2019. Throughout the year, carriers have been negotiating with manufacturers deferrals of deliveries to reduce their cash outflow.

### Aircraft deliveries to the Americas (as of December 2020)



Source: Ascend