

State of the Region:

The Americas

IATA Economics

December 2021

Contact: economics@iata.org



GDP growth, exchange rates, oil & jet fuel price

- The trade-weighted US dollar index rose by 0.9% in November vs. October. Amongst the key regional currencies, the COP was the main mover, losing 5.6% against the US\$. Year-to-date, the ARS remains the weakest currency in the region, depreciating by 20%.
- Jet fuel and Brent crude oil prices fell in November due to rising supply and concerns about the spread of the Omicron variant. That said, they remained above pre-crisis 2019 levels.

GDP growth

<i>% change on a yr ago</i>	2020	Q1 2021	Q2 2021	Q3 2021
United States	-3.4	0.5	12.2	4.9
Brazil	-3.9	1.3	12.3	4.0
Mexico	-8.4	-2.8	19.6	4.7
Canada	-5.2	0.3	11.8	4.0
Argentina	-9.9	2.9	17.9	--
Colombia	-6.8	1.0	17.6	13.2
Chile	-6.0	1.4	17.5	17.3
Peru	-11.0	4.5	41.9	11.4
Latin America	-7.1	0.5	16.9	7.0
World*	-3.5	2.9	11.6	4.7

Exchange rates

<i>end of period, # per US\$</i>	%YTD 2021	Sep-21	Oct-21	Nov-21
US\$ broad index	2.9%	113.8	114.4	115.4
Brazilian real (BRL)	-8.7%	5.45	5.64	5.65
Mexican peso (MXN)	-7.8%	20.54	20.54	21.49
Argentine peso (ARS)	-20%	98.75	99.72	100.92
Colombian peso (COP)	-17.2%	3812	3795	4008
Chilean peso (CLP)	-17.3%	812	811	833

Oil and fuel price

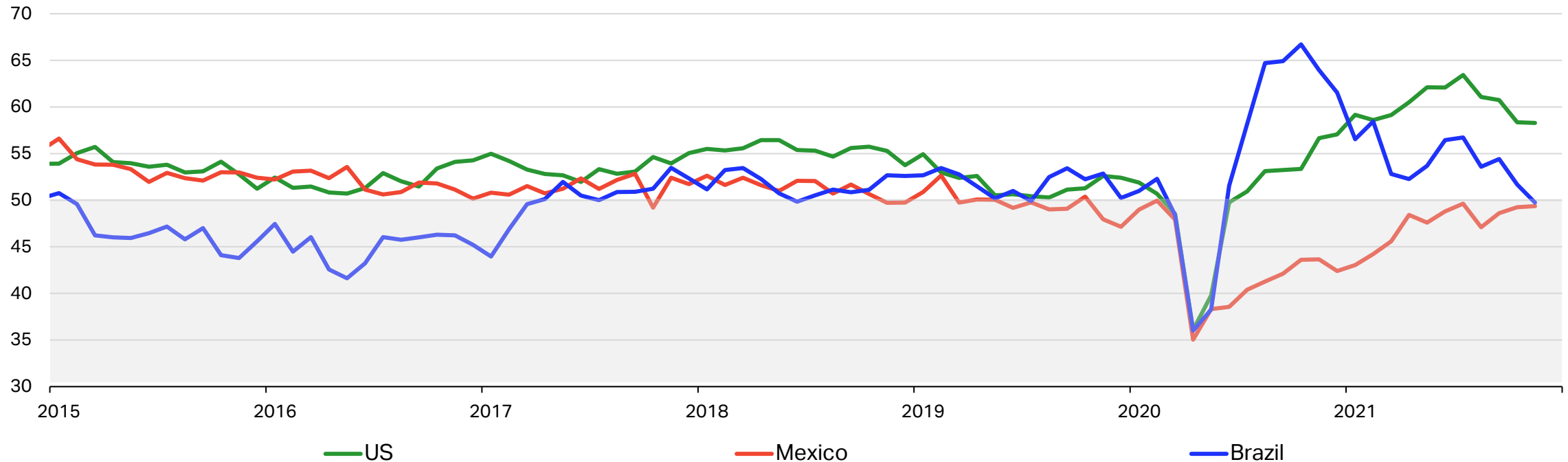
<i>US\$/barrel (period ave.)</i>	2020	Sep-21	Oct-21	Nov-21
Crude oil (Brent)	43.4	74.7	83.9	80.9
Jet fuel	46.3	82.9	95.6	91.8

Business confidence

- The manufacturing sector contracted in Mexico and Brazil in November amidst rising input costs caused by supply chain disruptions. Supply delays continued to weigh also on operating conditions in the US although the PMI metric for now remains firmly in the territory associated with expansion of the manufacturing sector.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Passenger market

- Global air travel continued to slowly recover in October, with industry-wide revenue passenger-kilometres (RPKs) 49.4% below October 2019 values. Both domestic and international RPKs contributed to the improvement.
- North American airlines reported a 26.3% decline in their RPKs in October 2021 vs. October 2019. The US lifted a strict travel ban for several countries on November 8th, and Canada also eased international travel restrictions at the end of October. However, any potential boost in the coming months may be short-lived due to the spread of the Omicron variant.
- Airlines based in Latin America flew 33.6% less RPKs vs. pre-crisis period. Vaccination and new infection trends are positive in the region, and the North-Central America routes are one of the top performers globally (down 9.2% in October vs per-crisis levels).

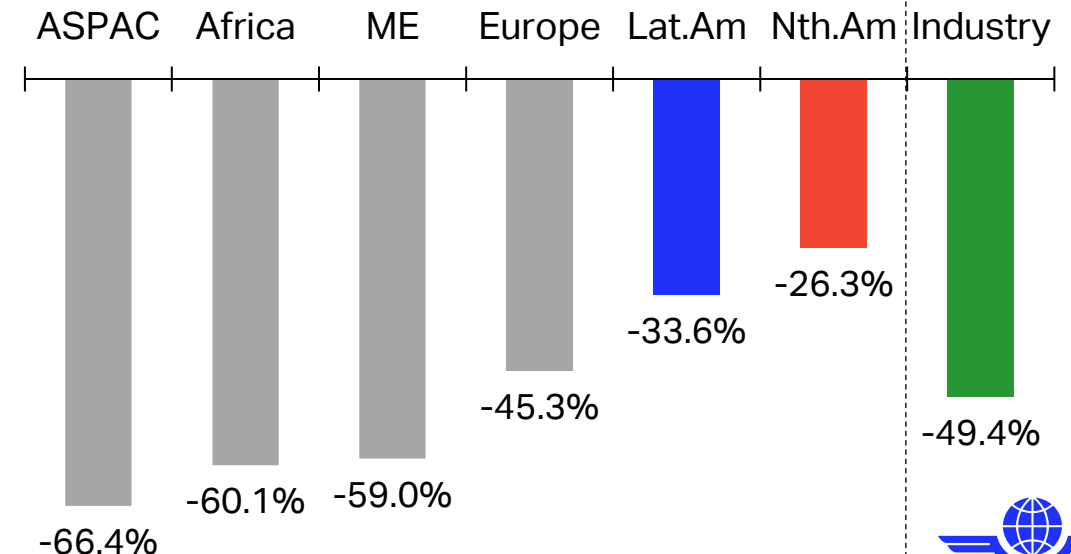
Revenue passenger kilometers (RPKs)

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

% ch vs. the same period in 2019	2020	Aug-21	Sep-21	Oct-21
Region (registration basis)				
N America	-65.2	-31.3	-30.8	-26.3
Latin America	-62.1	-42.0	-39.3	-33.6
World	-65.9	-56.2	-53.3	-49.4
Routes (segment basis)				
US domestic	-59.5	-14.4	-13.1	-10.5
Brazil domestic	-49.0	-20.7	-17.3	-16.3
Nth America-Europe	-80.5	-64.6	-65.2	-63.9
Nth America-Asia	-80.1	-86.2	-88.4	-89.2
Nth-Sth America	-68.8	-45.3	-47.7	-40.9
Sth America-Europe	-71.9	-75.1	-70.4	-58.7
Within Sth America	-76.2	-92.1	-89.7	-83.2
North-Central America	-60.4	-14.3	-9.2	-9.2

Growth in passenger volumes, by region

RPKs, % change vs. Oct 2019



Air cargo market

- Industry-wide cargo tonne-kilometres (CTKs) grew by 9.4% in October 2021 compared to the same month in 2019. Air cargo volumes have trended sideways for the past six months or so, at elevated levels. Global manufacturing activity and trade have slowed amidst issues related to congestion and input and labour shortages but remain broadly supportive.
- Airlines based in North America registered an 18.6% growth in their CTKs in October 2021 versus 2019. Amongst the region's key international markets, Nth.Am-Asia had been the strongest performer, expanding by 28.6% this month. Latin American airlines reported a 5.8% CTK decline in October – a robust improvement on the 15.6% contraction in September.

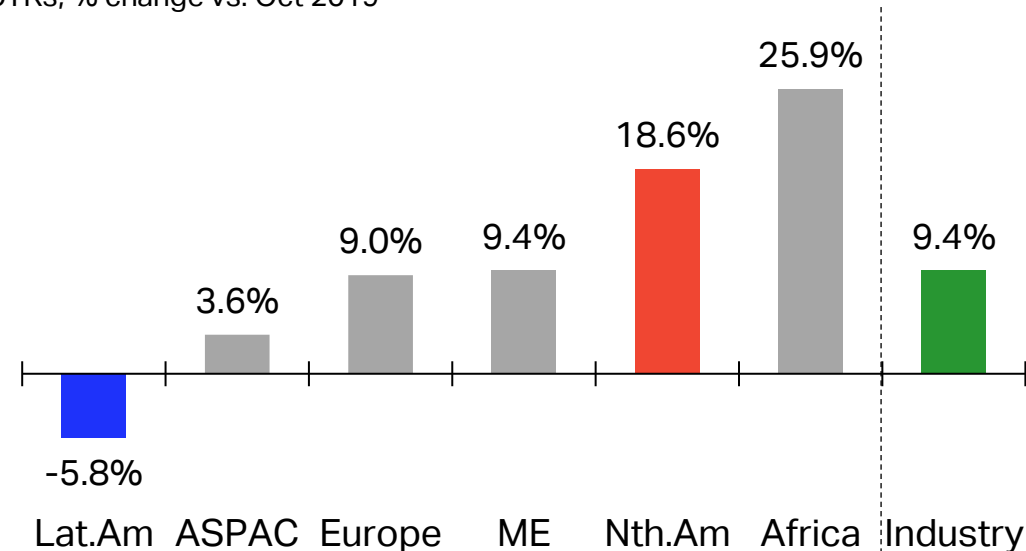
Cargo tonne kilometers (CTKs)

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

% ch vs. the same period in 2019	2020	Aug-21	Sep-21	Oct-21
Region (registration basis)				
Nth America	4.4	16.7	22.2	18.6
Latin America	-21.2	-13.6	-15.6	-5.8
World	-8.7	7.5	9.1	9.4
Routes (segment basis)				
Nth America-Asia	7.5	26.8	27.1	28.6
Nth America-Europe	-17.9	2.6	6.7	9.5
Nth-Sth America	-12.5	6.1	8.1	22.2
Sth America-Europe	-23.6	-6.2	-4.7	-3.3
Within Sth America	-33.2	-33.9	-35.2	-35.7

Growth in cargo volumes, by region

CTKs, % change vs. Oct 2019



Capacity growth & load factors

- There was a second consecutive month of improvement in air passenger capacity in October. Industry-wide available seat-kilometres (ASKs) were down 41.2% compared to October 2019, an improvement from the 43.5% fall in September. The ASK recovery was broad-based across all regions, with North America being the most resilient, at 19.7% below October 2019 values.
- Air cargo capacity also improved in October – industry-wide available cargo tonne-kilometres (ACTKs) were 7.2% below October 2019 levels. In September, the fall versus 2019 had been at 8.8%. At the regional level, North American airlines reported ACTKs up 3.1% while Latin American airlines posted the sharpest ACTK contraction amongst all regions, at -22.7% (vs. Oct 2019).

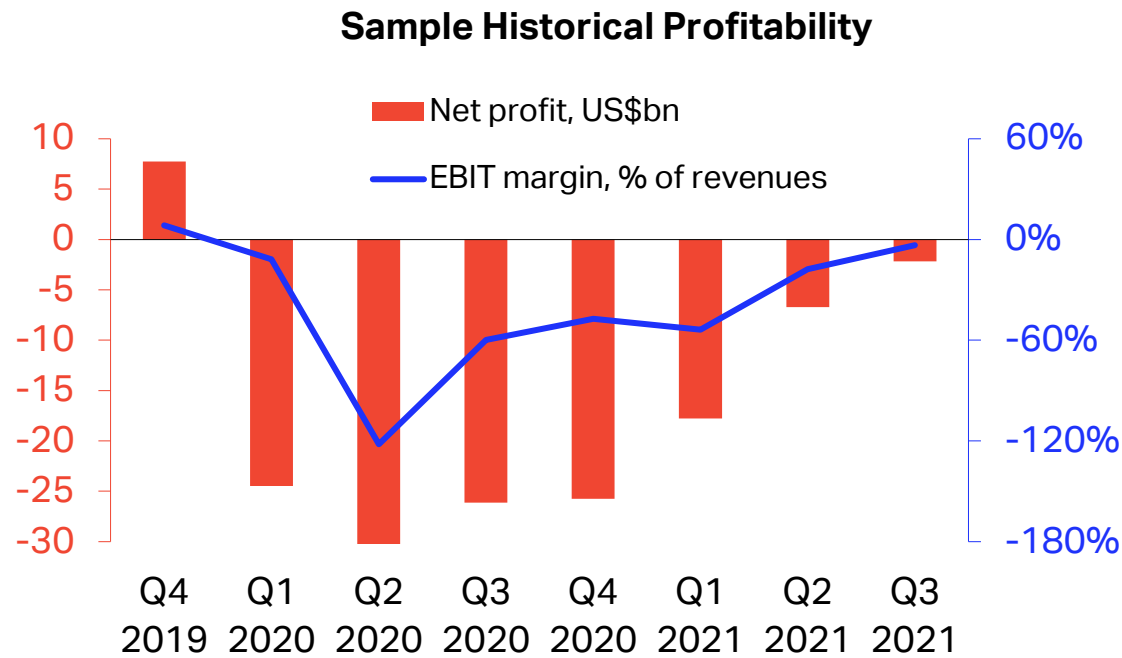
Capacity growth and load factors

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

<i>ASK/ACTK: % ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		2020	Aug-21	Sep-21	Oct-21
Passenger					
Nth America	ASK	-50.2	-24.0	-21.0	-19.7
	PLF	59.2	78.9	72.5	76.9
Latin America	ASK	-58.3	-38.0	-35.8	-33.0
	PLF	75.1	77.8	77.5	80.9
World	ASK	-56.7	-46.5	-43.5	-41.2
	PLF	65.1	70.2	67.8	70.6
Cargo					
Nth America	ACTK	-11.7	-0.3	4.6	3.1
	CLF	46.7	43.2	44.3	44.9
Latin America	ACTK	-34.7	-18.0	-14.9	-22.7
	CLF	42.3	39.2	37.1	42.1
World	ACTK	-21.2	-12.5	-8.8	-7.2
	CLF	54.2	54.3	55.3	56.1

Airline EBIT margins & cash flow

- The latest sample of airlines' Q3 financial results confirmed that the industry's financial situation improved at the global level as more markets reopened, travel demand picked up and cargo revenues remained robust. The industry-wide operating loss was at 3.4% of revenues in July-September period, compared with a 17.8% loss in the previous quarter.
- North American and Latin American airlines in our sample reported improvements in operating incomes on the back of passenger recovery in larger domestic markets (the US, Brazil) and also some short-haul routes including North-Central America.



Airline operating (EBIT) margins*

% revenues	2019	2020	2021Q2	2021Q3
Nth America	9.6	-32	-14	0
Latin America	2.9	-34	-16	-8
Industry	5.2	-30	-18	-3

* constant sample basis, not seasonally adjusted

Jet aircraft deliveries made & scheduled

- As of December 2021, Latin American airlines are expected to receive 68 aircraft deliveries in 2022 (vs. 82 in 2021). North American airlines are scheduled to obtain 413 aircraft deliveries in 2022, up 39% vs the previous year.

Aircraft deliveries to the Americas (as of December 2021)

deliveries made & due

