

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	-2.5
Brazil	--	-10.9	-3.9	--
Mexico	--	-18.7	-8.6	--
Canada	--	-12.5	-5.2	--
Argentina	--	-19.0	-10.2	--
Colombia	-6.8	-15.8	-8.5	-3.6
Chile	--	-14.0	-10.3	--
Peru	-11.1	-30.0	-9.0	-1.7
Latin America	-7.3	-16.0	-7.5	-3.5
World*	-3.7	-8.9	-2.7	-1.8

Source: Datastream * Market exchange rate basis

Exchange rates

end of period, # per US\$	2020	Nov-20	Dec-20	Jan-21
US\$ broad index	111.7	113.6	111.7	112.2
Brazilian real (BRL)	5.19	5.39	5.19	5.46
Mexican peso (MXN)	19.93	20.16	19.93	20.22
Argentine peso (ARS)	84.07	81.30	84.07	87.26
Colombian peso (COP)	3421	3586	3421	3560
Chilean peso (CLP)	711	767	711	732

Source: Datastream

World oil and jet fuel price

US\$/barrel (period ave.)	2020	Nov-20	Dec-20	Jan-21
Crude oil (Brent)	43.4	44.1	50.4	55.2
Jet fuel	46.3	47.7	55.4	59.6

Source: Platts, Datastream (monthly average data)

Market

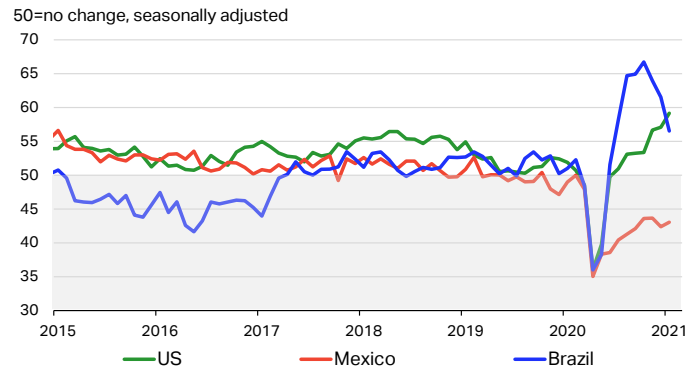
Revenue passenger-kilometers (RPKs)

% change on a yr ago	2020	Oct-20	Nov-20	Dec-20
Region (registration basis)				
N America	-65.2	-70.3	-67.3	-68.9
Latin America	-62.1	-68.0	-60.2	-57.3
World	-65.9	-70.6	-70.4	-69.7
Routes (segment basis)				
US domestic	-59.6	-61.3	-59.6	-63.1
Brazil domestic	-49.0	-44.5	-34.5	-33.0
Nth America-Europe	-80.4	-92.0	-90.3	-86.9
Nth America-Asia	-80.1	-93.7	-92.5	-92.2
Nth-Sth America	-68.8	-82.6	-74.3	-69.1
Sth America-Europe	-71.5	-87.8	-85.8	-76.5
Within Sth America	-76.2	-96.4	-91.9	-85.0

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

- Industry-wide revenue passenger-kilometres (RPKs) fell by 69.7% year-on-year in Dec – confirming that the recovery in air travel had been stalling in Q4. In 2020 as a whole, passenger traffic plunged by 66%, which was by far the sharpest decline in aviation history.
- Latin American and North American airlines ended the year with RPKs down -57.3% & -68.9%, respectively.

Business confidence - manufacturing PMIs

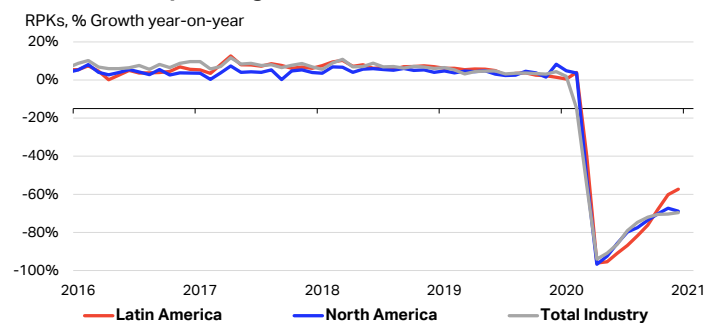


Source: Markit

- The US economy contracted by 2.5%/y in the fourth quarter – a weaker than expected outcome due to the resurgence of the virus. The expansion of the manufacturing sector slowed in Brazil amidst supply shortages while in Mexico the manufacturing sector remained in contraction due to the pandemic's effects.
- The trade-weighted US dollar index ticked up by 0.5% in January, following three consecutive monthly falls. Of the key regional currencies, the BRL was the main mover, losing more than 5% vs. the US\$.
- Brent Crude oil and jet fuel prices increased in January, reflecting Saudi Arabia's supply cuts and hopes that the new US stimulus package will boost oil demand.

- International passenger traffic flown by these airlines started to recover towards the year-end amidst increased flows to/from Central America. However, new travel restrictions in the region introduced in January will weigh on further improvement in the near-term.
- In 2020, North American airlines' traffic fell by 65.2% compared to 2019, while Latin American airlines experienced a 62.1% decline. Both regions performed slightly better than the industry average.

Growth in air passenger volumes



Source: IATA Economics

Cargo tonne-kilometers (CTKs)

% change on a y ago	2020	Oct-20	Nov-20	Dec-20
Region (registration basis)				
Nth America	1.1	6.0	4.5	10.7
Latin America	-21.3	-12.7	-18.5	-16.6
World	-10.6	-6.1	-6.2	-0.5
Routes (segment basis)				
Nth America-Asia	2.1	5.4	7.8	12.6
Nth America-Europe	-21.0	-16.6	-16.5	-15.8
Nth-Sth America	-12.4	4.3	-3.4	-4.6
Sth America-Europe	-23.9	-15.7	-18.9	-14.7
Within Sth America	-32.8	-50.9	-32.2	-34.9

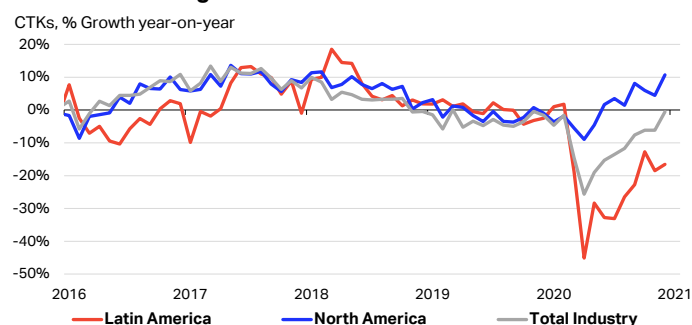
Source: IATA Economics Note: historical data may be subject to revision

- Air cargo experienced a robust year-end, with industry-wide cargo tonne-kilometres (CTKs) down by only 0.5% in December compared with December 2019. In 2020 as a whole, CTKs fell by 10.6%.
- North American airlines reported a 10.7%yoy CTK increase in December, the strongest outcome since early-2018. Latin American airlines saw cargo volumes

down 16.6%yoy in December – the weakest result amongst regions.

- In 2020 as a whole, CTKs flown by North American carriers were relatively resilient (*up* 1.1% vs. 2019), reflecting a solid US domestic demand and robust performance of the Nth.Am-Asia routes (+2.1%). In contrast, Lat.Am airlines have been showing a protracted recovery from the crisis and their cargo volumes were down 21.3%yoy vs. 2019.

Growth in air cargo volumes



Source: IATA Economics

Industry

Capacity growth and load factors

ASK/ACTK: % ch on a y ago,		2020	Oct-20	Nov-20	Dec-20
LF: % of ASK/ACTK					
Passenger					
Nth America	ASK	-50.2	-55.2	-48.4	-48.5
	PLF	59.2	55.5	51.9	51.6
Latin America	ASK	-58.3	-63.5	-55.7	-51.8
	PLF	74.9	71.6	73.9	73.0
World	ASK	-56.5	-59.7	-58.6	-56.7
	PLF	64.8	60.0	57.9	57.5
Cargo					
Nth America	ACTK	-15.9	-15.7	-12.5	-9.9
	CLF	47.5	49.1	49.6	48.2
Latin America	ACTK	-35.0	-35.1	-28.9	-29.7
	CLF	42.5	46.5	44.3	36.7
World	ACTK	-23.3	-22.2	-19.3	-17.7
	CLF	54.5	57.4	57.9	57.3

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

- Overall, 2020 was a dismal year for passenger load factors since many carriers struggled to adjust their capacity fast enough to changing regulations. On average, the global PLF was 17.8ppts lower vs. 2019, at 64.8%. At the regional level, the PLF fell to 59.2% & 74.9% for Nth.Am and Lat.Am carriers, respectively.
- In contrast, air cargo load factors were elevated last year due to the lack of belly cargo capacity. The industry-wide cargo load factor picked up by 7.7ppts vs. 2019, to 54.5%. Nth.Am and Lat.Am carriers posted the CLF at 47.5% and 42.5%, respectively.

Airline operating (EBIT) margins*

% revenues	2018	2019	2019Q4	2020Q4
Nth America	9.1	9.6	9.9	-57
Latin America	2.7	2.9	-	-
Industry	5.7	5.2	8.7	-51

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

- The initial sample of 4Q20 financial results showed that airlines' EBIT margins remained deep in contractionary territory. That said, the sample also indicated that the incurred losses were smaller than in Q3 due to drastic cost-cutting measures and robust cargo revenues.
- Note that the passenger yield data should be interpreted with caution due to the small number of tickets being sold amidst the pandemic crisis.

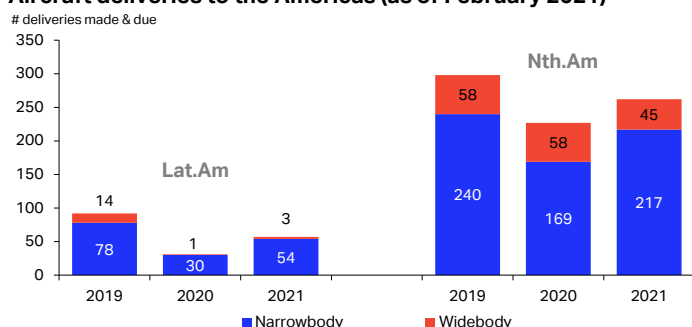
Passenger yields (US\$, excl. surcharges & ancillaries)

% change on a y ago	2020	Oct-20	Nov-20	Dec-20
Nth America-Europe	-4.8	-21.1	-24.5	-27.2
Nth America-Asia	7.5	43.7	24.6	8.8
Nth-Sth America	-5.6	-16.4	-24.7	-31.6
Sth America-Europe	-7.1	-19.3	-21.2	-17.7
Sth America-Asia	1.2	25.1	9.8	19.0
Within Sth America	-13.9	-25.1	-27.7	-21.1

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

- As of February 2021, aircraft deliveries to airlines based in Latin and North America are expected to increase vs. 2020 levels. However, they will most likely not even reach 2019 levels when the number of deliveries was adversely impacted by Max 737 groundings.

Aircraft deliveries to the Americas (as of February 2021)



Source: Ascend