

State of the Region:

The Americas

IATA Economics

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GDP growth, exchange rates, oil & jet fuel price

- The trade-weighted US dollar (USD) index rose by 0.7% in December versus November on the back of recovering US economy and expectations about US Federal Reserve interest rate hikes in 2022. The MXN was the main mover among the key regional currencies, gaining 4.8% in December.
- The ARS, CLP and COP were the weakest currencies in the region in 2021 as a whole, depreciating by around 20% against the USD.
- Jet fuel and Brent crude oil price fell sharply in early-December due to concerns about the impact of Omicron disruptions on global fuel demand. However, despite the year-end weakness, the average 2021 Brent crude oil and jet fuel price was 63% and 68% respectively higher than in 2020. Moreover, the prices soared again in recent weeks amid optimism that the Omicron impact will be short-lived.

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	11.9
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	Oct-21	Nov-21	Dec-21
US\$ broad index	3.5%	114.1	115.0	115.8
Brazilian real (BRL)	-7.2%	5.64	5.65	5.57
Mexican peso (MXN)	-2.7%	20.54	21.49	20.47
Argentine peso (ARS)	-22.1%	99.72	100.92	102.69
Colombian peso (COP)	-19%	3795	4008	4070
Chilean peso (CLP)	-19.9%	811	833	852

Oil and fuel price

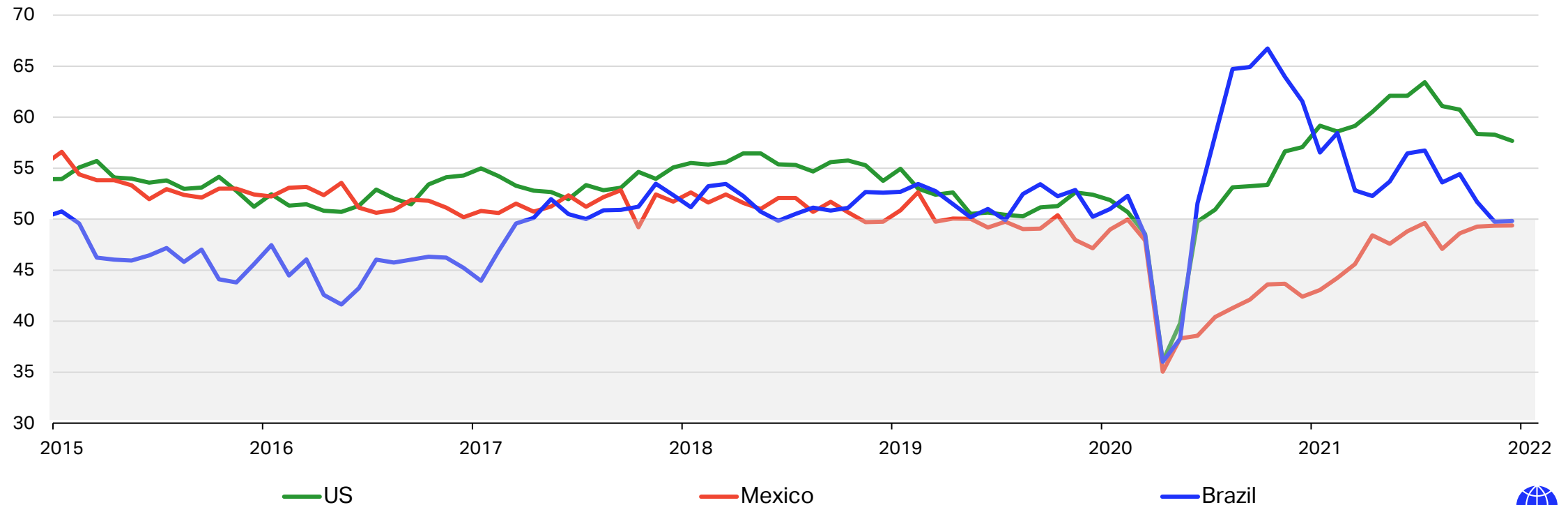
<i>US\$/barrel (period ave.)</i>	2021	Oct-21	Nov-21	Dec-21
Crude oil (Brent)	70.9	83.9	80.9	74.7
Jet fuel	77.7	95.6	91.8	87.1

Purchasing Managers' Index

- Supply shortages and inflationary pressures weighed on manufacturing PMIs in December across the three key economies in the Americas region. However, while the US PMI continued to point to a robust expansion in the manufacturing sector (more positive responses in the survey than negative), the same metric suggests that operating conditions continued to deteriorate in Brazil and Mexico.

Purchasing Managers' Index - Manufacturing

50=no change, seasonally adjusted



Passenger market

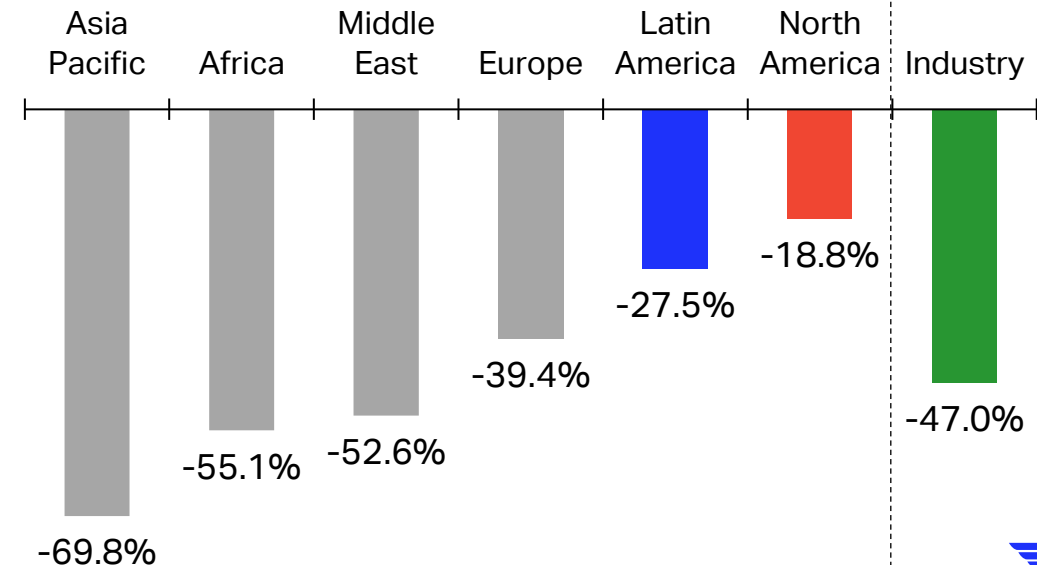
- Air-travel recovery continued in November ahead of the Omicron outbreak, but the traffic improvement was smaller than in the previous months. The industry-wide revenue passenger-kilometres (RPKs) fell by 47.0% versus November 2019, compared with a 48.9% contraction in October.
- North American airlines reported the smallest rate of RPK decline in the industry in November, at -18.8% versus 2019. The region's international traffic was supported by the reopening of the North Atlantic corridor and by resilient demand in North-Central America market. As for domestic travel, RPKs in the US' market improved to 94% of 2019 level in November, supported by robust demand around Thanksgiving holidays.
- Latin American carriers flew 27.5% fewer RPKs in November 2021 compared with November 2019 – an uptick on a 33.8% rate of decline in October. Domestic RPKs in Brazil, the largest domestic market in the region, reached nearly 92% of pre-crisis levels this month, being supported by falling infections and progress in vaccinations.

Revenue passenger-kilometres (RPKs)

% ch vs. the same period in 2019	2020	Sep-21	Oct-21	Nov-21
Region (registration basis)				
N America	-65.1	-30.9	-26.5	-18.8
Latin America	-62.5	-39.8	-33.8	-27.5
World	-65.8	-53.2	-48.9	-47.0
Routes (segment basis)				
US domestic	-59.5	-13.7	-11.1	-6.0
Brazil domestic	-48.4	-16.4	-15.4	-8.5
Nth America-Europe	-80.5	-65.2	-63.9	-47.2
Nth America-Asia	-80.1	-88.4	-89.3	-85.7
Nth-Sth America	-68.8	-47.7	-40.9	-28.5
Sth America-Europe	-71.9	-70.4	-58.6	-51.9
Within Sth America	-76.2	-89.7	-83.2	-71.1
North-Central America	-60.4	-8.8	-8.9	-10.9

Growth in passenger volumes (RPKs), by region

RPKs, % change vs. Nov 2019



Air cargo market

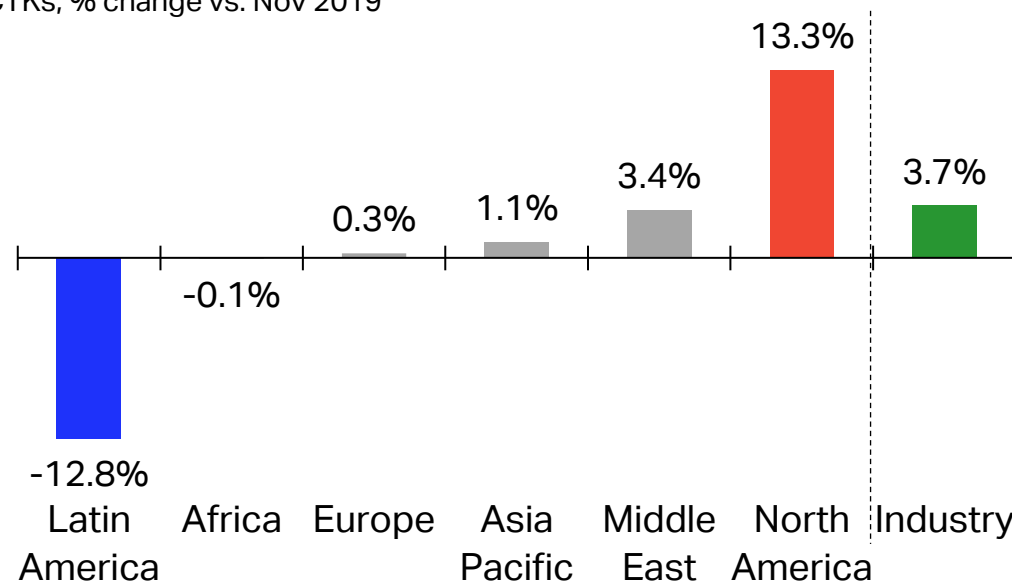
- Growth in industry-wide cargo tonne-kilometres (CTKs) slowed in November due to supply chain issues. CTKs were 3.7% above their November 2019 levels, after rising 8.2% in October versus October 2019.
- North American airlines recorded a 13.3% CTK growth versus November 2019 – a slowdown compared with an 18.7% annual expansion in October. Inflation, which reached 6.8% year-on-year in the US, is hurting consumers, and congestion issues at several key gateways have added to headwinds for air cargo business.
- Carriers based in Latin America recorded the largest CTK fall among all regions for another month, at -12.8% versus November 2019. Rates of decline have seesawed for most of the year, partly due to the restructuring process at some of the largest airlines in the region. Those carriers are now progressively emerging from bankruptcy protection, which may reduce volatility moving into 2022.

Cargo tonne-kilometres (CTKs)

% ch vs. the same period in 2019	2020	Sep-21	Oct-21	Nov-21
Region (registration basis)				
Nth America	4.2	21.8	18.7	13.3
Latin America	-21.4	-16.2	-6.7	-12.8
World	-9.9	7.6	8.2	3.7
Routes (segment basis)				
Nth America-Asia	7.5	27.1	28.2	23.4
Nth America-Europe	-17.9	6.7	9.5	11.6
Nth-Sth America	-12.5	8.0	22.1	9.6
Sth America-Europe	-23.6	-4.7	-3.3	-10.2
Within Sth America	-33.2	-35.2	-35.7	-30.0

Growth in cargo volumes (CTKs), by region

CTKs, % change vs. Nov 2019



Capacity growth & load factors

- Slow recovery in passenger capacity continued across all regions but Asia Pacific as more markets reopened ahead of the Omicron news. North American and Latin American airlines recorded a 15.4% and 27.4% ASK falls respectively in November 2021 versus November 2019. These are better outcomes than the industry average (-39.7%) thanks to recovering capacity in domestic US' and Brazil' markets.
- November saw significant difficulties in moving cargo at several key airports, such as New York's JFK, Los Angeles and Amsterdam. This was caused by labour shortages – partly related to workers placed in quarantine – insufficient storage space at airports, and a large backlog of shipments to process. However, while the recovery in global capacity stalled this month, North and Latin American carriers reported improvements in ACTKs versus 2019, to 5.9% and -24.4% respectively in November.

Capacity growth and load factors

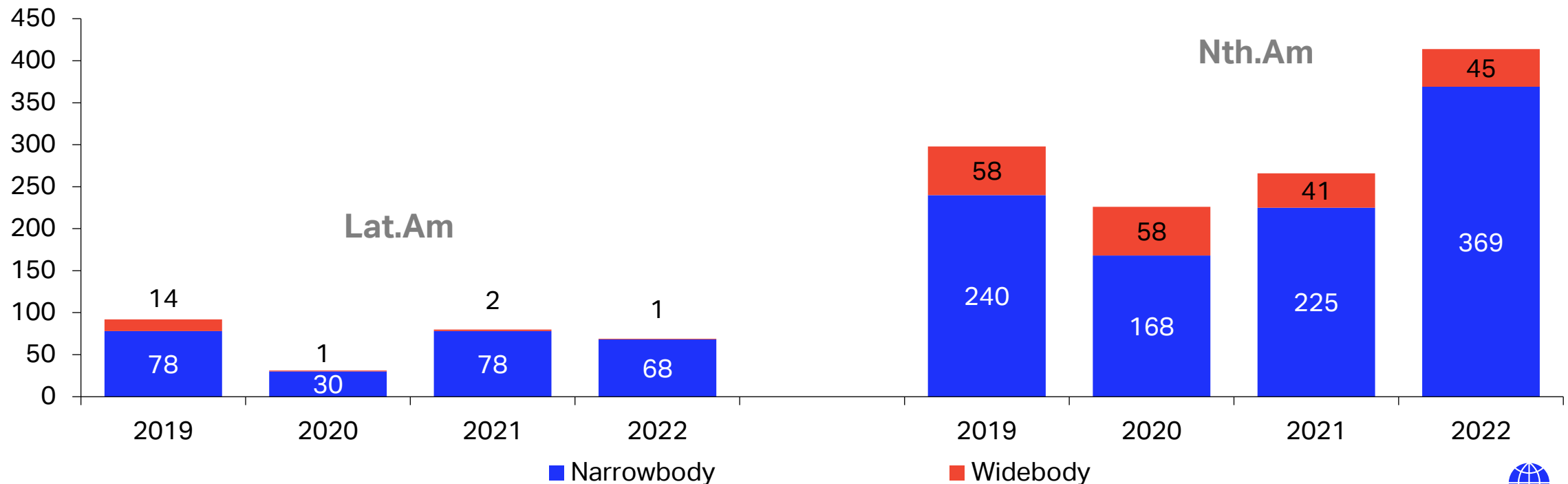
<i>ASK/ACTK: % ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		2020	Sep-21	Oct-21	Nov-21
Passenger					
Nth America	ASK	-50.3	-21.0	-19.8	-15.4
	PLF	59.6	72.4	76.8	78.6
Latin America	ASK	-59.0	-36.4	-33.4	-27.4
	PLF	75.5	77.6	81.0	82.2
World	ASK	-56.6	-43.2	-40.8	-39.7
	PLF	65.2	67.5	70.9	71.3
Cargo					
Nth America	ACTK	-11.1	4.8	3.8	5.9
	CLF	46.3	44.0	44.7	44.4
Latin America	ACTK	-39.2	-22.9	-30.7	-24.4
	CLF	45.3	40.7	46.5	44.6
World	ACTK	-21.6	-9.4	-7.4	-7.6
	CLF	53.8	54.9	55.6	55.9

Jet aircraft deliveries made & scheduled

- As of January 2022, Latin American airlines are scheduled to receive 69 aircraft deliveries in 2022 compared with 82 in 2021. Most of these deliveries are expected to be a narrow-body 737 Max (45% of the total), A321 (25%) and A320 (15%).
- North American carriers should receive 414 aircraft deliveries in 2022 versus 266 in 2021. Same as in Latin America, most of these deliveries should be Max 737 (42%) and A321 (15%).

Aircraft deliveries to the Americas (as of January 2022)

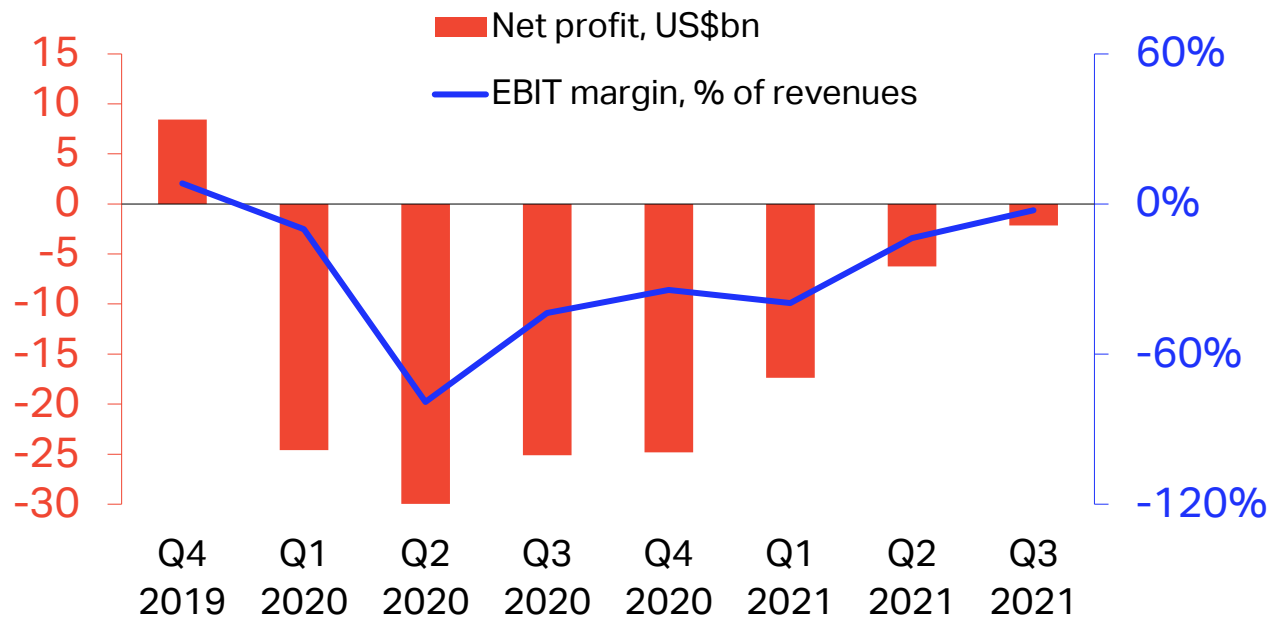
deliveries made & due



Airline EBIT margins

- The latest financial results confirm that the pressure on the industry's operating profitability eased in Q3 2021. In the sample of 87 airlines, the operating loss diminished from 13.6% of revenues in Q2 to 2.6% in Q3. All regions except for Asia Pacific contributed to this improvement.
- Looking ahead, some of the North American airlines improved their revenue forecast for Q4, stating that travel demand remained robust during the holiday season despite Omicron disruptions. That said, costs pressures are expected to rise as well.

Historical Profitability, full sample



Airline operating (EBIT) margins*

% revenues	2019	2020	2020Q3	2021Q3
North America	9.6	-32	-7	1
Latin America	2.9	-34	-18	-8
Industry	5.2	-30	-14	-3

* constant sample basis, not seasonally adjusted