

State of the region: The Americas

May 2021

Economy

GDP growth, selected countries

% change on a yr ago	2020	Q3 2020	Q4 2020	Q1 2021
United States	-3.5	-2.8	-2.4	0.4
Brazil	-4.1	-3.9	-1.1	--
Mexico	-8.5	-8.6	-4.6	-2.8
Canada	-5.4	-5.3	-3.2	--
Argentina	-9.9	-10.1	-4.3	--
Colombia	-6.8	-8.4	-3.6	1.1
Chile	-6.0	-9.8	-0.1	1.2
Peru	-11.1	-9.0	-1.7	3.8
Latin America	-7.2	-7.3	-3.0	0.3
World*	-3.6	-2.6	-1.3	2.4

Source: Eikon Datastream * Market exchange rate basis

Exchange rates

end of period, # per US\$	2020	Mar-21	Apr-21	May-21
US\$ broad index	112.1	113.6	112.9	--
Brazilian real (BRL)	5.19	5.64	5.43	5.25
Mexican peso (MXN)	19.93	20.46	20.17	19.91
Argentine peso (ARS)	84.07	91.98	93.56	94.68
Colombian peso (COP)	3421	3675	3741	3708
Chilean peso (CLP)	711	718	714	722

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

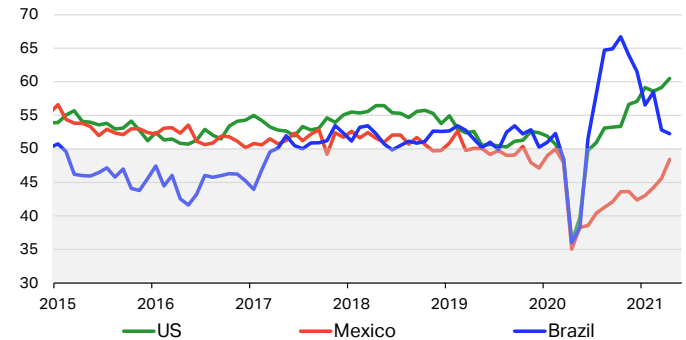
World oil and jet fuel price

US\$/barrel (period ave.)	2020	Mar-21	Apr-21	May-21
Crude oil (Brent)	43.4	65.8	65.5	68.4
Jet fuel	46.3	69.0	69.1	73.4

Source: Platts, Eikon Datastream (monthly average data)

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Source: Markit

- The latest manufacturing PMI and Q1 GDP growth data indicate that the US economy has been recovering rapidly amid successful vaccination and government stimulus. In Brazil, growth in the manufacturing sector slowed amid restrictions related to the new virus outbreaks while in Mexico operating conditions for manufacturers started to show signs of recovery.
- Of the key regional currencies, the BRL gained 3.3% in May vs. the US\$ reflecting rising optimism about economic rebound despite elevated COVID cases in the country.
- Oil and jet fuel prices rebounded in May boosted by the global economic recovery and supply-side concerns despite surging COVID-19 cases in some regions.

Market

Revenue passenger-kilometers (RPKs)

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

% ch vs. the same period in 2019	2020	Jan-21	Feb-21	Mar-21
Region (registration basis)				
N America	-65.2	-66.5	-66.2	-57.2
Latin America	-62.1	-58.4	-62.7	-64.5
World	-65.9	-72.2	-74.9	-67.2
Routes (segment basis)				
US domestic	-59.5	-58.6	-56.2	-43.9
Brazil domestic	-49.0	-31.4	-34.9	-54.0
Nth America-Europe	-80.4	-85.4	-89.8	-90.0
Nth America-Asia	-80.1	-92.3	-93.4	-93.3
Nth-Sth America	-68.8	-71.9	-75.9	-70.5
Sth America-Europe	-71.4	-80.1	-88.8	-88.6
Within Sth America	-76.2	-87.1	-89.9	-90.4

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

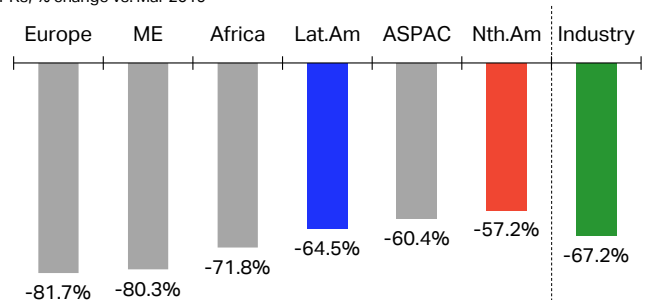
- Passenger traffic slightly improved in March amidst recovering domestic demand. Industry-wide revenue passenger-kilometers (RPKs) were 67.2% lower compared to the pre-crisis level (March 2019).
- North American airlines flew 57.2% fewer RPKs in March compared with March 2019 – a 9ppts improvement on the contraction in the previous month.

Region's international traffic remained subdued, but the US domestic demand started to show tentative signs of recovery amidst rapid vaccine rollout and improving economic backdrop.

- RPKs of carriers based in the Latin American region were 64.5% lower compared with the pre-crisis levels – a modest deterioration compared with February. The weakness stemmed from reversed recovery in Brazil's domestic market as the country's authorities tightened restrictions due to rising virus cases and hospitalization rates. Latin American international traffic did not show any significant improvement.

Growth in passenger volumes, by region

RPKs, % change vs. Mar 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	Jan-21	Feb-21	Mar-21
Region (registration basis)				
Nth America	4.5	16.1	15.4	17.5
Latin America	-21.2	-15.6	-18.0	-21.4
World	-9.1	3.8	9.2	4.4
Routes (segment basis)				
Nth America-Asia	7.6	26.6	38.5	25.4
Nth America-Europe	-17.7	-9.3	-13.9	-9.0
Nth-Sth America	-10.6	-4.9	-0.4	2.2
Sth America-Europe	-23.6	-16.2	-6.2	-14.7
Within Sth America	-32.8	-38.1	-42.8	-34.6

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

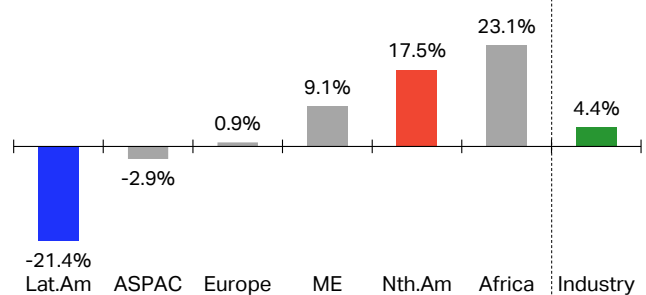
- Global cargo volumes reached the highest level in the history of our time series in March although their growth softened modestly compared with February. Industry-wide cargo tonne-kilometres (CTKs) rose by 4.4% vs. the pre-crisis levels and by 0.4% m-o-m.
- Air cargo business of North American carriers continued to be supported by strengthening economy. The regional CTKs expanded by a robust 17.5% vs.

March 2019 – the highest monthly growth rate this year.

- Latin American carriers continued to underperform with CTKs down 21.4% in March compared with the same month in 2019. One of the main challenges for the region's recovery seems to be the lack of cargo capacity as some of the major cargo carriers had to go through the restructuring process last year, and therefore lost some of their market shares.

Growth in cargo volumes, by region

RPKs, % change vs. Mar 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	Jan-21	Feb-21	Mar-21
Passenger					
Nth America	ASK	-50.2	-46.5	-48.2	-41.3
	PLF	59.2	49.9	52.6	62.4
Latin America	ASK	-58.3	-50.1	-56.1	-59.1
	PLF	75.1	68.7	69.3	70.8
World	ASK	-56.8	-59.4	-63.3	-56.8
	PLF	65.2	54.5	55.2	62.3
Cargo					
Nth America	ACTK	-11.6	-1.3	0.1	3.8
	CLF	46.7	52.3	45.5	47.2
Latin America	ACTK	-34.7	-30.9	-37.4	-39.9
	CLF	42.3	38.4	42.8	45.3
World	ACTK	-21.2	-17.1	-15.3	-11.7
	CLF	54.0	58.7	57.9	58.8

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

- Global available seat capacity continued to recover in March. Industry-wide ASKs fell by 56.8% vs. March 2019 – an improvement on a 63.3% decline in February. North American and Latin American airlines posted 41.3% and 59.1% contractions, respectively.
- The industry-wide passenger load factor (PLF) was at 62.3% in March, 19.7 ppts lower compared with March 2019. Latin American airlines saw again the highest PLF of all regions, at 70.8%. North American PLF recovered from record lows, to 62.4%.
- Cargo capacity has been recovering from the temporary fall in early-2021 when some airlines grounded pax aircraft amidst new virus spikes. Global available cargo tonne-kilometres (ACTKs) picked up by 5.6% m-o-m in March and were ~12% below the pre-crisis levels. Nth.Am airlines showed one of the fastest

capacity improvements of all regions but in Latin America capacity recovery had been stalling.

- Cargo load factors remained elevated across regions since cargo capacity was lagging the CTK recovery.

Airline operating (EBIT) margins*

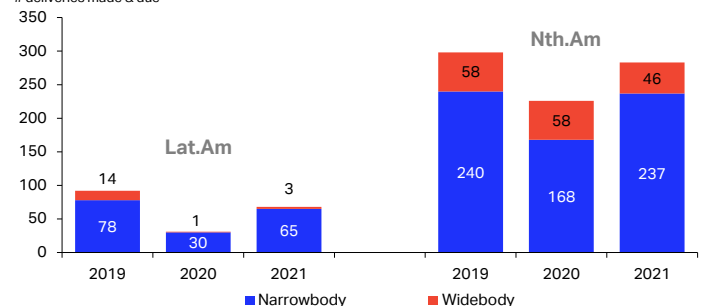
% revenues	2019	2020	2020Q1	2021Q1
Nth America	9.6	-30	-8.7	-74
Latin America	2.9	-33	3.0	-46
Industry	5.2	-28.0	-11.8	-60

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

- Initial Q1 2021 results indicate that at the global level the airline industry continued to post net losses similar to those in Q4.
- Financial performance of North American carriers improved since domestic demand soared and stringent cost controls remained in place. In contrast, financial losses increased in Latin America as domestic traffic deteriorated after new virus spikes.
- As of May 2021, aircraft deliveries scheduled by airlines based in the Latin and North American region are expected to be 26% and 5% below 2019 levels, respectively.

Aircraft deliveries to the Americas (as of May 2021)

deliveries made & due



Source: Ascend