

State of the region: The Americas

November 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	1.1	-0.3	-11.4	--
Mexico	-0.3	-2.1	-18.7	--
Canada	1.7	-0.9	-13.0	--
Argentina	-2.1	-5.2	-19.1	--
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	-0.3	-2.3	-16.2	-7.6
World*	2.5	-1.7	-9.1	-3.2

Source: Datastream * Market exchange rate basis

Exchange rates

end of period, # per US\$	2019	Aug-20	Sep-20	Oct-20
US\$ broad index	114.7	116.1	117.3	116.5
Brazilian real (BRL)	4.02	5.49	5.64	5.77
Mexican peso (MXN)	18.88	21.89	22.08	21.28
Argentine peso (ARS)	59.87	74.18	76.17	78.34
Colombian peso (COP)	3282	3750	3854	3855
Chilean peso (CLP)	752	776	788	774

Source: Datastream

World oil and jet fuel price

US\$/barrel (period ave.)	2019	Aug-20	Sep-20	Oct-20
Crude oil (Brent)	64.2	45.1	41.9	41.6
Jet fuel	79.6	45.4	41.1	43.5

Source: Platts, Datastream (monthly average data)

Market

Revenue passenger kilometers (RPKs)

% change on a yr ago	2019	Jul-20	Aug-20	Sep-20
Region (registration basis)				
N America	4.0	-79.8	-77.7	-74.7
Latin America	4.2	-86.8	-81.7	-76.2
World	4.1	-79.5	-75.3	-72.8
Routes (segment basis)				
US domestic	4.3	-71.6	-69.4	-65.0
Brazil domestic	0.4	-77.7	-67.0	-55.3
Nth America-Europe	4.3	-94.8	-92.9	-92.5
Nth America-Asia	2.4	-94.4	-93.5	-93.7
Nth-Sth America	-2.7	-95.4	-92.4	-89.0
Sth America-Europe	8.0	-94.1	-91.1	-90.0
Within Sth America	-2.9	-99.5	-99.5	-99.2

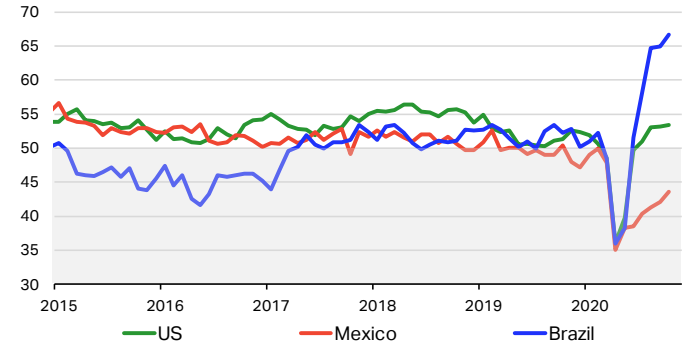
Source: IATA Economics Note: historical data may be subject to revision

- Industry-wide revenue passenger-kilometres (RPKs) declined by 72.8% year-on-year in September, a small improvement from the 75.3% fall in August. The recovery remained largely driven by domestic markets.
- Regional airlines followed a similar recovery path as the total industry. RPKs flown by Nth.Am airlines declined by 74.7% year-on-year, compared with 77.7% fall in the

IATA Economics: www.iata.org/economics

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Source: Markit

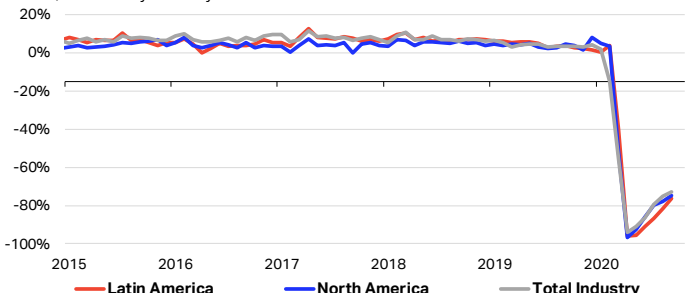
- Business confidence in Brazil reached all time high level with the expectation of vigorous recovery from the crisis. Economic backdrop improved in the US, although outlook for local businesses is uncertain due to the resurgence of the virus. In Mexico, operating conditions worsened for the 12th consecutive month.
- The trade-weighted US dollar index ended the month down 0.7%, partly offsetting the modest gain from September. Of the key regional currencies, the MXN gained 3.6% against the US\$ while the ARS lost 2.8%.
- The Brent crude oil price fell further in October as renewed lockdowns weighed on global demand. The jet fuel price gained modestly compared with September but remained 45% lower compared with a year ago.

previous month. Carriers based in Latin America recorded a 76.2% annual fall in passenger volumes vs. 81.7% contraction in September.

- In the US, recovery in domestic pax volumes remained slow amidst high number of COVID-19 infections (RPKs down 65%yoy). In contrast, Brazil domestic market posted a robust improvement for another month, with annual RPK fall easing by ~12ppts, to -55.3%.
- Region's int'l traffic showed little improvement from Aug. All key international routes shrank by ~90%yoy.

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Economics

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Cargo tonne kilometers (CTKs)

% change on a yrago	2019	Jul-20	Aug-20	Sep-20
Region (registration basis)				
Nth America	-1.0	3.5	2.1	8.6
Latin America	-0.2	-33.1	-26.5	-22.5
World	-3.2	-14.1	-12.1	-8.0
Routes (segment basis)				
Nth America-Asia	-3.7	3.2	3.3	3.4
Nth America-Europe	-2.5	-30.3	-24.2	-19.1
Nth-Sth America	-6.7	-18.4	-16.5	-11.6
Sth America-Europe	-3.1	-37.2	-31.9	-26.6
Within Sth America	-8.6	-35.5	-48.7	-48.2

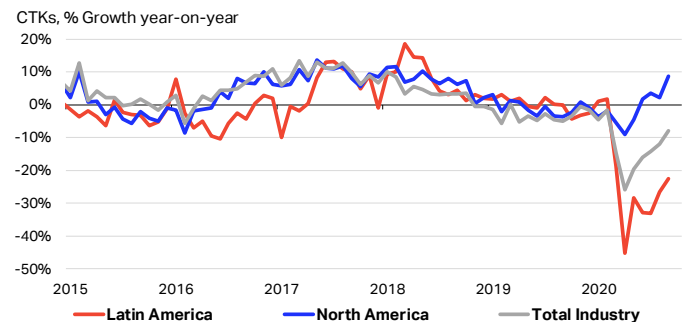
Source: IATA Economics Note: historical data may be subject to revision

- Recovery in air cargo accelerated in September. Industry-wide cargo tonne-kilometres (CTKs) fell by 8.0% year-on-year compared with 12.1% decline in August. Month-on-month, CTKs showed the fastest growth since May, at 3.7%.
- As in the previous months, North American airlines continued to lead the industry-wide rebound (CTKs up 8.6%yoy), benefitting from a robust demand for

e-commerce in domestic US market and solid performance of Asia-North America trade lanes.

- In Latin America, cargo demand remained subdued amidst severe weakness in economic activity and trade. Region's CTKs fell by 22.5% year-on-year in September vs. -26.5% fall in August. The smaller Within-Sth.Am market continues to show the weakest performance (down 48.2%yoy).

Growth in air cargo volumes



Source: IATA Economics

Industry

Capacity growth and load factors

ASK/ACTK: % ch on a yrago, LF: % of ASK/ACTK		2019	Jul-20	Aug-20	Sep-20
Passenger					
Nth America	ASK	2.9	-62.6	-59.0	-60.0
	PLF	84.8	47.7	47.4	52.5
Latin America	ASK	3.0	-82.9	-77.6	-72.4
	PLF	82.6	65.7	67.9	70.6
World	ASK	3.4	-69.8	-63.9	-63.0
	PLF	82.6	58.2	58.6	60.1
Cargo					
Nth America	ACTK	2.1	-22.2	-21.3	-15.0
	CLF	39.5	49.5	47.9	48.4
Latin America	ACTK	4.7	-50.2	-43.1	-36.5
	CLF	35.1	47.4	48.0	45.6
World	ACTK	2.1	-30.8	-28.7	-25.2
	CLF	46.8	55.8	54.5	56.9

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

- Airlines slowed the return of capacity in Sept amidst rising COVID-19 cases. As a result, global passenger load factor improved slightly, reaching the highest level since Feb (but down 21.8ppts yoy). Nth.Am & Lat.Am airlines reported 52.5% & 70.6% PLFs, respectively.
- The industry-wide cargo load factor was at 56.9% - a new all-time high for September, amidst continuous capacity crunch. At the regional level, Nth.Am carriers posted the CLF up 10.5ppts while Lat.Am airlines registered 8.2ppts CLF increase vs. a year ago.

Airline operating (EBIT) margins*

% revenues	2018	2019	2019Q3	2020Q3
Nth America	9.1	9.6	13.7	-91
Latin America	2.7	2.9	10.9	-94
Industry	5.7	5.2	13.3	-63

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

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- The initial sample of Q3 2020 financial results showed that airlines in all regions posted another quarter of negative EBIT margin due to the modest travel demand recovery in the summer quarter, which is seasonally the strongest period in normal times.
- Note that the passenger yield data should be interpreted with caution due to the small number of tickets being sold amidst the pandemic crisis.

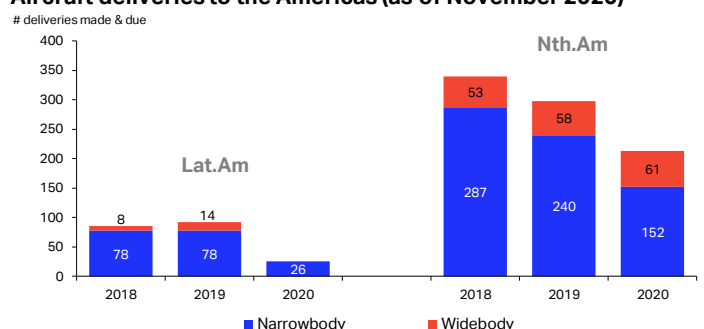
Passenger yields (US\$, excl. surcharges & ancillaries)

% change on a yrago	2019	Jul-20	Aug-20	Sep-20
Nth America-Europe	-3.4	-15.1	-12.5	-24.7
Nth America-Asia	-2.8	67.9	41.9	56.9
Nth-Sth America	-5.0	-18.7	-26.5	-30.2
Sth America-Europe	-14.8	-11.1	-11.9	-23.9
Sth America-Asia	-7.6	43.1	40.0	41.3
Within Sth America	-4.0	-32.5	-31.4	-26.4

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 November 2020)



Source: Ascend

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