

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 index moved sideways in September. Amongst the key regional currencies, the BRL was the main mover, losing 6.4% against the US\$ amidst political tensions and rising inflationary pressures.
- Following the temporary weakness in August, average Brent crude oil and jet fuel price picked up by 5.9% & 7.8% respectively in September, reflecting rising optimism about fuel demand recovery.

GDP growth

<i>% change on a yr ago</i>	2020	Q4 2020	Q1 2021	Q2 2021
United States	-3.4	-2.3	0.5	12.2
Brazil	-4.1	-1.1	1.0	12.4
Mexico	-8.5	-4.6	-2.7	19.5
Canada	-5.3	-3.1	0.3	12.7
Argentina	-9.9	-4.3	2.9	17.9
Colombia	-6.8	-3.6	1.1	17.6
Chile	-6.0	-0.1	1.3	17.2
Peru	-11.0	-1.4	4.5	41.9
Latin America	-7.2	-3.1	0.3	16.6
World*	-3.5	-1.1	2.7	11.5

Exchange rates

<i>end of period, # per US\$</i>	2020	Jul-21	Aug-21	Sep-21
US\$ broad index	112.1	113.3	113.7	113.8
Brazilian real (BRL)	5.19	5.15	5.12	5.45
Mexican peso (MXN)	19.93	19.86	20.04	20.54
Argentine peso (ARS)	84.07	96.69	97.76	98.75
Colombian peso (COP)	3421	3865	3763	3812
Chilean peso (CLP)	711	759	775	812

Oil and fuel price

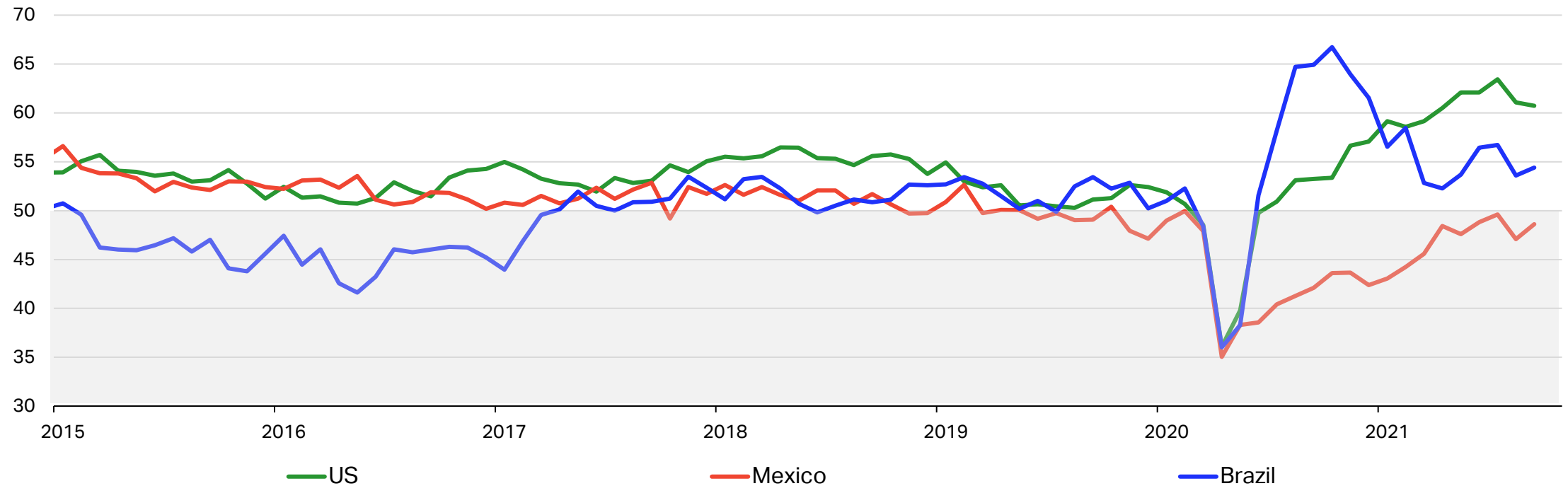
<i>US\$/barrel (period ave.)</i>	2020	Jul-21	Aug-21	Sep-21
Crude oil (Brent)	43.4	74.4	70.6	74.7
Jet fuel	46.3	79.5	76.9	82.9

Business confidence

- Growth momentum in the US manufacturing sector eased slightly in September due to material and staff shortages. Disrupted supply chains weighed on operating conditions also in Mexico. In contrast, growth accelerated in Brazil's manufacturing sector as customer demand remained strong and firms targetted to increase their inventory levels to prevent future input shortages.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Passenger market

- The spread of the Delta variant led to a slight weakening in air travel in August. Industry-wide revenue passenger-kilometres (RPKs) fell by 56.0% vs. August 2019, following a 53.0% drop in July. This was entirely driven by developments in some of the key domestic markets.
- RPKs of North American airlines fell by 30% compared with August 2019 – the most resilient outcome amongst regions but a slight deterioration vs. July. The weakness can be largely attributed to the fall in the US domestic traffic due to new pandemic wave in the country. Recovery in Latin American RPKs continued in August (-42% vs. Aug 2019), underpinned by modest traffic rebound in some of the key international markets.

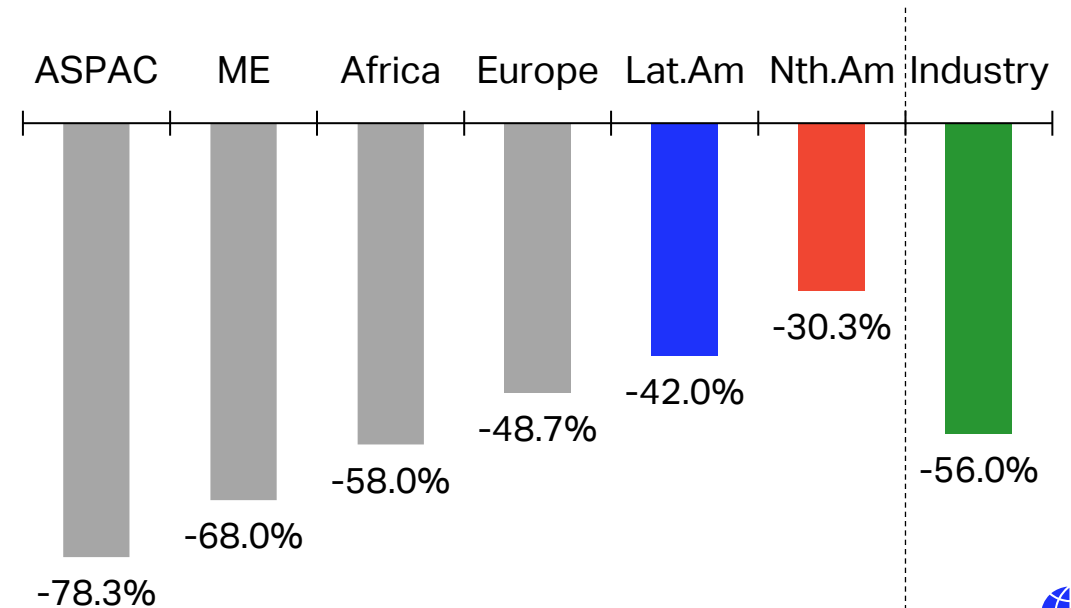
Revenue passenger kilometers (RPKs)

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

% ch vs. the same period in 2019	2020	Jun-21	Jul-21	Aug-21
Region (registration basis)				
N America	-65.2	-35.2	-28.2	-30.3
Latin America	-62.1	-50.4	-45.6	-42.0
World	-65.9	-59.9	-53.0	-56.0
Routes (segment basis)				
US domestic	-59.5	-13.8	-7.6	-13.2
Brazil domestic	-49.0	-31.1	-19.6	-20.7
Nth America-Europe	-80.4	-81.0	-70.4	-64.6
Nth America-Asia	-80.1	-91.5	-89.5	-86.3
Nth-Sth America	-68.8	-45.9	-45.3	-45.4
Sth America-Europe	-71.8	-86.4	-80.6	-74.0
Within Sth America	-76.2	-95.6	-95.4	-92.3

Growth in passenger volumes, by region

RPKs, % change vs. Aug 2019



Air cargo market

- August was the fourth consecutive month of relative stability in air cargo. Industry-wide cargo tonne-kilometres (CTKs) rose by 7.7% vs. August 2019, compared with an 8.8% expansion in July.
- North American CTKs increased by 19.3% compared with pre-crisis levels, supported by strong demand on North America-Asia and US domestic routes. Latin American airlines continued to lag the industry in August, reporting CTKs down 13.2% vs. 2019. The shortage of cargo capacity remains a key challenge to the region's faster recovery.

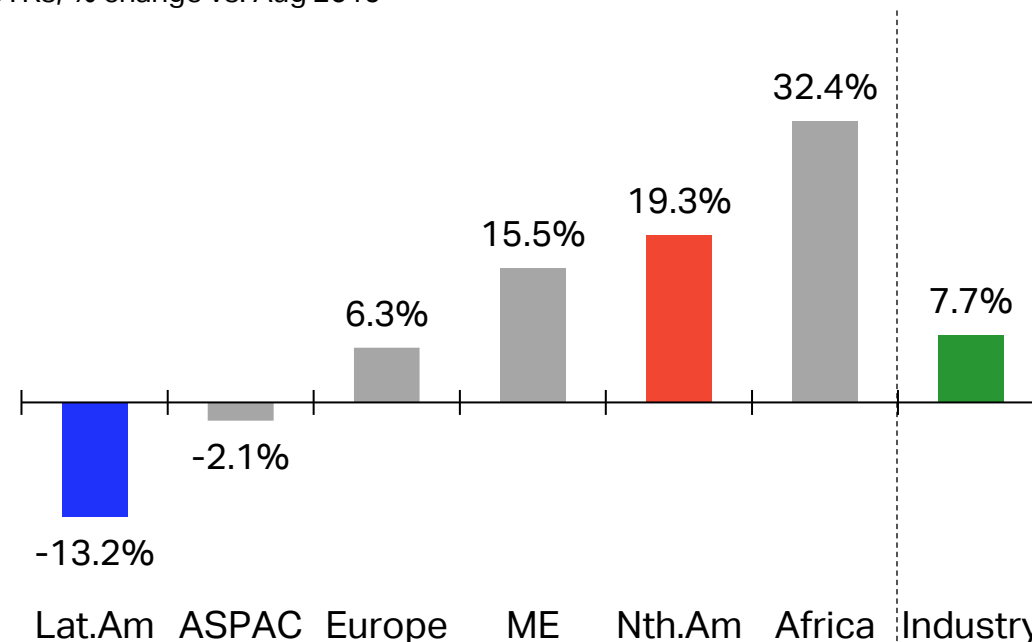
Cargo tonne kilometers (CTKs)

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

% ch vs. the same period in 2019	2020	Jun-21	Jul-21	Aug-21
Region (registration basis)				
Nth America	4.4	22.2	21.2	19.3
Latin America	-21.2	-18.7	-11.5	-13.2
World	-8.7	9.2	8.8	7.7
Routes (segment basis)				
Nth America-Asia	7.5	27.6	29.4	28.4
Nth America-Europe	-17.7	0.5	9.3	4.2
Nth-Sth America	-10.7	1.7	17.4	5.8
Sth America-Europe	-23.4	-2.7	0.4	-6.3
Within Sth America	-32.8	-43.8	-14.2	-33.9

Growth in cargo volumes, by region

CTKs, % change vs. Aug 2019



Capacity growth & load factors

- Contraction in seat capacity (ASKs) accelerated at the global level. The deterioration was largely driven by falling capacity in the Asia Pacific region, where new COVID restrictions led to flight cancellations in some key domestic markets. North American and Latin American airlines reported modest seat capacity gains. Passenger load factors remained well below pre-crisis levels across all regions.
- Recovery in global cargo capacity (ACTKs) was also adversely impacted by pandemic developments in Asia Pacific. North American airlines were the only group that reported cargo capacity above 2019 levels in August (+0.7%). In contrast, Latin American carriers continued to lag the rest of the industry, posting aggregated ACTKs down 20% vs. 2019. Cargo load factors were elevated across all regions.

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	Jun-21	Jul-21	Aug-21
Passenger					
Nth America	ASK	-50.2	-28.6	-24.0	-22.7
	PLF	59.2	80.6	83.6	78.6
Latin America	ASK	-58.3	-47.3	-41.8	-37.7
	PLF	75.1	78.4	79.6	77.4
World	ASK	-56.7	-51.4	-44.7	-46.2
	PLF	65.1	69.7	72.7	70.0
Cargo					
Nth America	ACTK	-11.6	1.6	1.2	0.7
	CLF	46.7	46.0	44.6	43.7
Latin America	ACTK	-34.7	-22.3	-18.8	-20.0
	CLF	42.3	38.3	38.5	40.4
World	ACTK	-21.1	-11.9	-10.6	-12.2
	CLF	54.2	56.8	54.6	54.2

Airline EBIT margins & cash flow

- The latest financial results confirmed that pressure on airlines' profitability eased in Q2 amidst traffic improvement in some key domestic and short-haul markets. North American carriers led the recovery, benefiting from the rebound in the large US domestic market.
- Cash flow generation also improved in Q2 amidst the recovery in passenger bookings. North American airlines at the aggregated level became positive both in operating and free cash flow generation. Latin American airlines also showed a robust improvement although they continued to burn cash.

Airline operating (EBIT) margins*

% revenues	2019	2020	2021Q1	2021Q2
Nth America	9.6	-32	-38	-8
Latin America	2.9	-34	-38	-18
Industry	5.2	-30	-36	-14

* constant sample basis, not seasonally adjusted

Airline cash flow*

% revenues	2021Q1		2021Q2	
	Net cash	Free cash	Net cash	Free cash
	flow¹	flow	flow¹	flow
North America	12	-4	40	29
Latin America	-35	-41	-12	-19
Industry	-9	-22	20	10

¹ from operating activities, * constant sample basis, not seasonally adjusted

Jet aircraft deliveries made & scheduled

- Number of aircraft deliveries scheduled by North American airlines for 2022 is expected to exceed pre-crisis 2019 levels by 23%. The increase will be largely driven by narrow-body aircraft as airlines expect short- and medium-haul traffic to recover earlier than long-haul.
- Latin American airlines are expected to receive the same number of deliveries in 2022 as in 2019. As is the case in North America, great majority of these deliveries will be narrow-body aircraft.

Aircraft deliveries to the Americas (as of October 2021)

deliveries made & due

