

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 rose by 0.3% in August. Amongst the key regional currencies, the COP was the main mover, ending the month up 2.6% against the US\$.
- Brent crude oil and jet fuel prices ticked down in August amidst increased oil supply and concerns over the impact of the Delta variant.

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	2.5	--
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	Jun-21	Jul-21	Aug-21
US\$ broad index	112.1	111.9	113.3	113.7
Brazilian real (BRL)	5.19	5.02	5.15	5.12
Mexican peso (MXN)	19.93	19.91	19.86	20.04
Argentine peso (ARS)	84.07	95.73	96.69	97.76
Colombian peso (COP)	3421	3734	3865	3763
Chilean peso (CLP)	711	728	759	775

Oil and fuel price

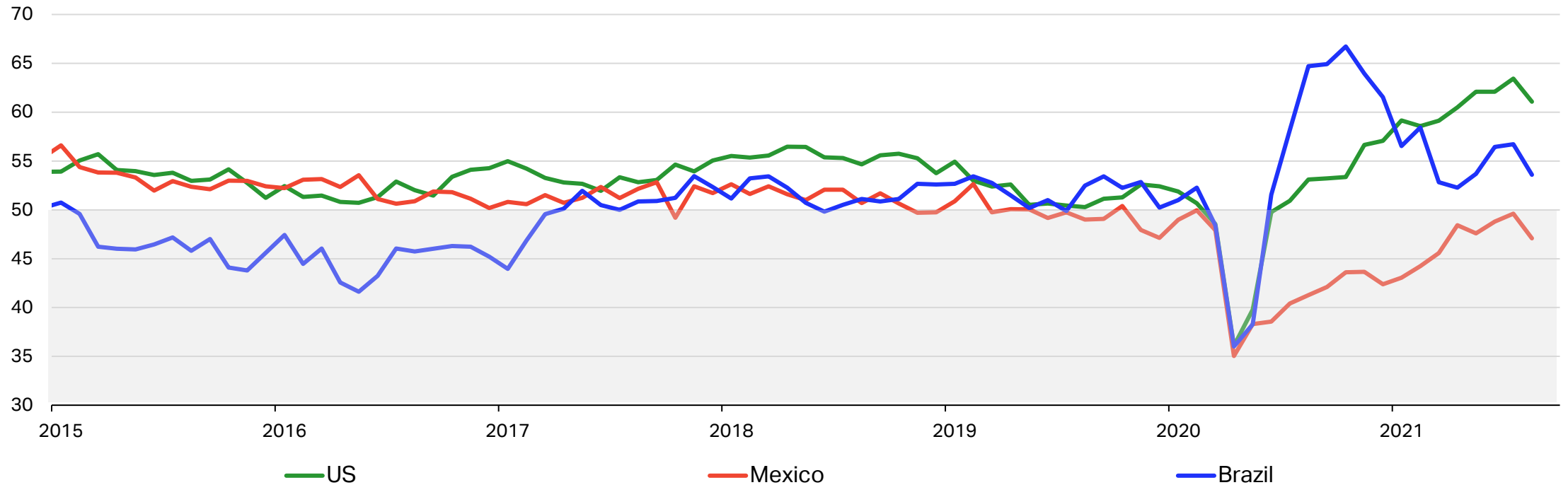
<i>US\$/barrel (period ave.)</i>	2020	Jun-21	Jul-21	Aug-21
Crude oil (Brent)	43.4	73.5	74.4	70.6
Jet fuel	46.3	77.6	79.5	76.9

Business confidence

- The manufacturing PMIs weakened across the three key economies that we regularly track for the Americas region amidst shortage of materials and rising input costs.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Passenger market

- Rebound in global air travel continued for another month supported by willingness to travel during the northern hemisphere summer. Industry-wide revenue passenger-kilometres (RPKs) fell by 53.1% in July 2021 vs. July 2019 compared with a 60.0% contraction in June.
- North and Latin American airlines continued to outperform the rest of the industry, benefitting from the recovery in their domestic markets (Brazil and the US).

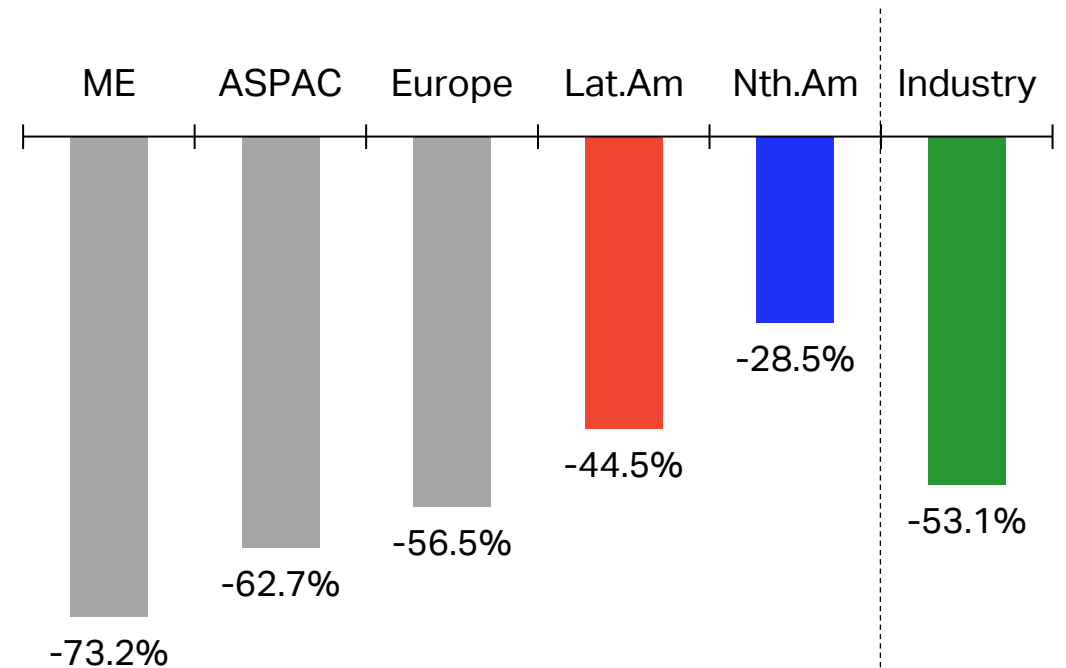
Revenue passenger kilometers (RPKs)

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

<i>% ch vs. the same period in 2019</i>	2020	May-21	Jun-21	Jul-21
Region (registration basis)				
N America	-65.2	-42.8	-35.4	-28.5
Latin America	-62.1	-57.3	-50.4	-44.5
World	-65.9	-62.9	-60.0	-53.1
Routes (segment basis)				
US domestic	-59.5	-24.5	-14.0	-7.7
Brazil domestic	-49.0	-44.0	-31.1	-19.6
Nth America-Europe	-80.4	-88.0	-81.0	-70.4
Nth America-Asia	-80.1	-92.9	-91.5	-89.5
Nth-Sth America	-68.8	-53.0	-45.9	-45.3
Sth America-Europe	-71.8	-89.4	-86.4	-80.6
Within Sth America	-76.2	-96.9	-95.6	-95.4

Growth in passenger volumes, by region

RPKs, % change vs. Jul 2019



Air cargo market

- Air cargo trends remained strong in July. Industry-wide cargo tonne-kilometres (CTKs) increased by 8.6% vs. July 2019 – well above the long-term average of 4.7%.
- North American airlines topped the CTK growth chart. Drivers such as new export orders and supplier delivery times remain highly supportive in the region. Latin American airlines remained the weakest performers for another month, partly due to the lack of cargo capacity.

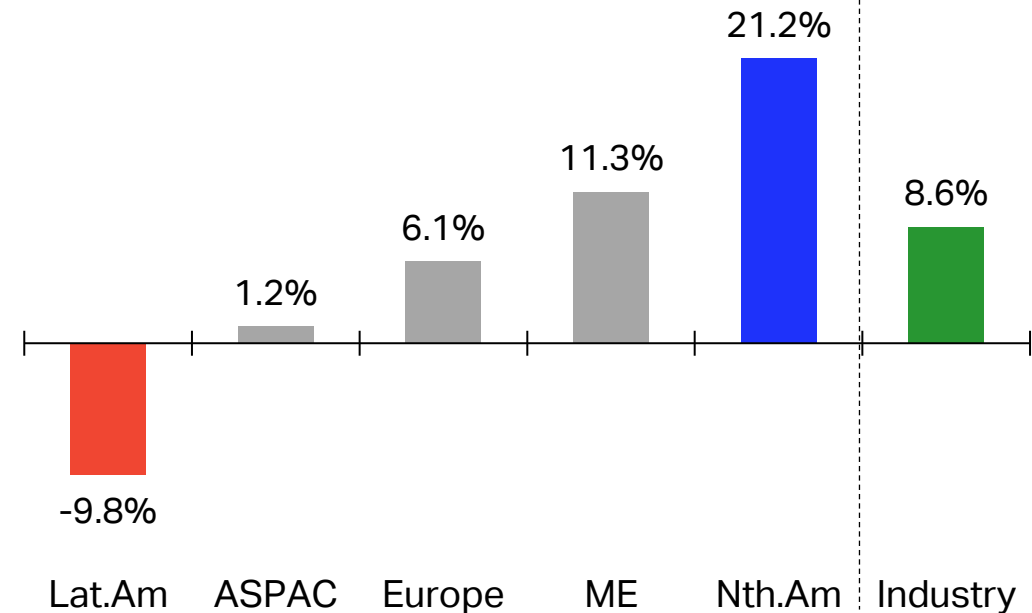
Cargo tonne kilometers (CTKs)

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

<i>% ch vs. the same period in 2019</i>	2020	May-21	Jun-21	Jul-21
Region (registration basis)				
Nth America	4.5	19.2	21.3	21.2
Latin America	-21.2	-16.2	-18.7	-9.8
World	-8.7	7.8	9.2	8.6
Routes (segment basis)				
Nth America-Asia	7.6	30.2	28.7	30.6
Nth America-Europe	-17.6	2.6	1.1	10.7
Nth-Sth America	-10.6	6.0	2.2	17.7
Sth America-Europe	-23.4	-3.7	-2.7	0.4
Within Sth America	-32.8	-53.1	-43.8	-14.2

Growth in cargo volumes, by region

CTKs, % change vs. Jul 2019



Capacity growth & load factors

- Global seat capacity trended higher in July in order to accommodate the slowly rising passenger demand. North American and Latin American airlines posted the smallest capacity contractions in the industry. Load factors remained below 2019 levels across all regions.
- Global cargo capacity continued to improve but there were regional differences. North American carriers reported ACTKs up 1.8% compared with pre-crisis 2019, while capacity of Latin American airlines contracted sharply (-17.7%). Cargo load factors were elevated.

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	May-21	Jun-21	Jul-21
Passenger					
Nth America	ASK	-50.2	-34.1	-29.3	-24.7
	PLF	59.2	74.7	81.2	84.1
Latin America	ASK	-58.3	-53.6	-47.3	-40.5
	PLF	75.1	76.6	78.4	79.3
World	ASK	-56.7	-54.3	-51.6	-45.2
	PLF	65.1	66.3	69.8	73.1
Cargo					
Nth America	ACTK	-11.6	-0.9	1.2	1.8
	CLF	46.7	47.3	45.9	44.3
Latin America	ACTK	-34.7	-24.5	-22.3	-17.7
	CLF	42.3	42.0	38.3	38.7
World	ACTK	-21.1	-11.8	-11.8	-10.3
	CLF	54.2	57.7	56.8	54.4

Airline EBIT margins & cash flow

- Pressure on operating margins eased in Q2 2021 vs Q1 2021. North American and Latin American airlines outperformed, benefitting from the rebound in domestic and regional traffic.
- In the initial small sample of airline financials, the cash flow generation improved in Q2 2021, reflecting the air travel rebound.

Airline operating (EBIT) margins*

<i>% revenues</i>	2019	2020	2021Q1	2021Q2
Nth America	9.6	-30	-70	-13
Latin America	2.9	-33	-38	-18
Industry	5.2	-28	-59	-20

* constant sample basis, not seasonally adjusted

Airline cash flow*

<i>% revenues</i>	Q1 2021		Q2 2021	
	Net cash	Free cash	Net cash	Free cash
	flow ¹	flow	flow ¹	flow
North America	12	-4	40	29
Latin America	-34	-40	-15	-23
Industry	-7	-21	32	19

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

Jet aircraft deliveries made & scheduled

- As of September 2021, aircraft deliveries scheduled for 2021 by airlines based in the Latin and North American region are expected to be 12% and 4% below 2019 levels, respectively.

Aircraft deliveries to the Americas (as of September 2021)

deliveries made & due

