

State of the Region:

Asia Pacific

IATA Economics

December 2021

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GDP growth, exchange rates, oil & jet fuel price

- The trade-weighted US dollar index rose by 0.9% in November vs. October. Amongst the key regional currencies, the AUD ended the month down nearly 6% against the US\$, erasing the gain from October.
- Jet fuel and Brent crude oil prices fell in November due to rising supply and concerns about the spread of the Omicron variant. That said, they remained above pre-crisis 2019 levels.

GDP growth

<i>% change on a yr ago</i>	2020	Q1 2021	Q2 2021	Q3 2021
India	-7.0	1.6	20.1	8.4
Japan	-4.5	-1.8	7.3	1.1
Indonesia	-2.1	-0.7	7.1	3.5
Korea	-0.9	1.9	6.0	4.0
Australia	-2.2	1.4	9.5	3.9
Thailand	-6.2	-2.6	7.6	-0.2
Malaysia	-5.6	-0.5	16.1	-4.5
Philippines	-9.3	-4.0	12.1	7.1
Vietnam	2.6	3.7	4.7	-6.2
Singapore	-5.4	1.5	15.2	7.1
World*	-3.5	2.9	11.6	4.7

Exchange rates

<i>end of period, # per US\$</i>	% YTD 2021	Sep-21	Oct-21	Nov-21
US\$ broad index	2.9%	113.8	114.4	115.4
Japanese yen (JPY)	-9.9%	111.6	114.0	113.5
Australian dollar (AUD)	-9.1%	1.38	1.33	1.41
Sth Korean won (KRW)	-9.2%	1184	1174	1187
Indian rupee (INR)	-2.9%	74.2	74.9	75.2
Indonesian rupiah (IDR)	-1.9%	14313	14168	14323
Thai baht (THB)	-12.5%	33.8	33.2	33.7
Malaysian ringgit (MYR)	-4.7%	4.19	4.14	4.21
Philippine peso (PHP)	-4.9%	51.0	50.4	50.4
Vietnamese dong (VND)	1.7%	22760	22752	22694
Singapore dollar (SGD)	-4.9%	1.36	1.35	1.37

Oil and fuel price

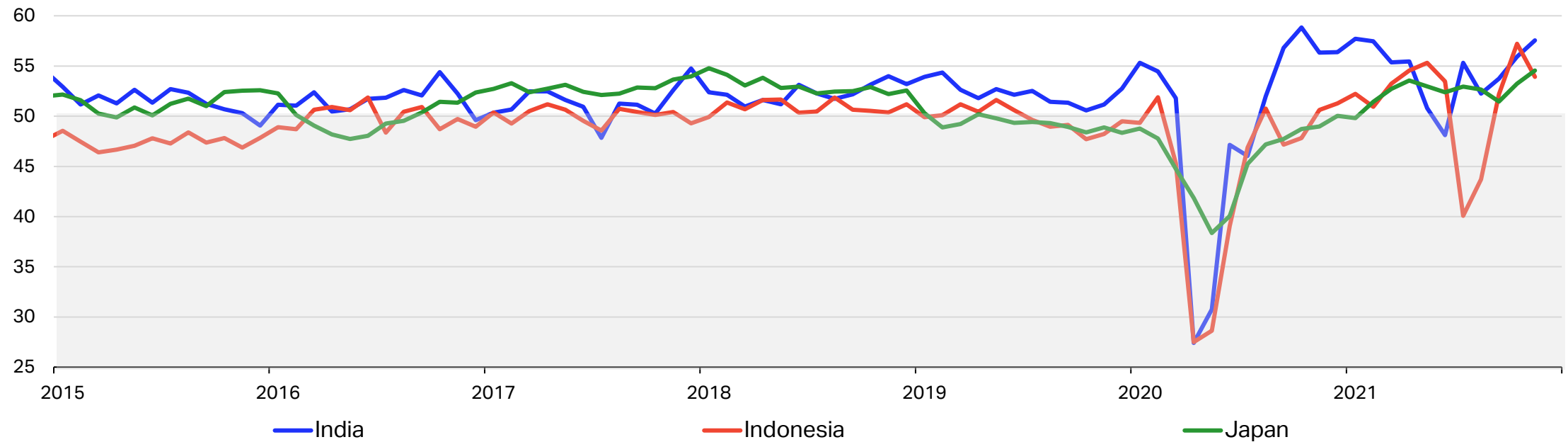
<i>US\$/barrel (period ave.)</i>	2020	Sep-21	Oct-21	Nov-21
Crude oil (Brent)	43.4	74.7	83.9	80.9
Jet fuel	46.3	82.9	95.6	91.8

Business confidence

- The health of the manufacturing sector improved in India and Japan. In the former, operating conditions were supported by booming production and sales while in the latter rising production and new orders were the key drivers. In Indonesia, manufacturing growth eased in November vs. October but remained robust, supported by economic recovery from the latest Delta outbreak.

Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



Passenger market

- Global air travel continued to slowly recover in October, with industry-wide revenue passenger-kilometres (RPKs) 49.4% below October 2019 values. Both domestic and international RPKs contributed to the recovery.
- RPKs of airlines based in Asia Pacific were 66.4% below pre-crisis levels. After a long period without any clear improvements, some tentative signs of a recovery in the region's international travel have appeared in the past 4-5 months. For example, the Middle East-Asia route is trending up at a consistent pace, driven by the return of traffic flows between India and Gulf countries. Amongst the key domestic markets, India and Japan showed strong RPK improvements (RPKs down 27.0% & 49.3%, respectively vs. 2019).

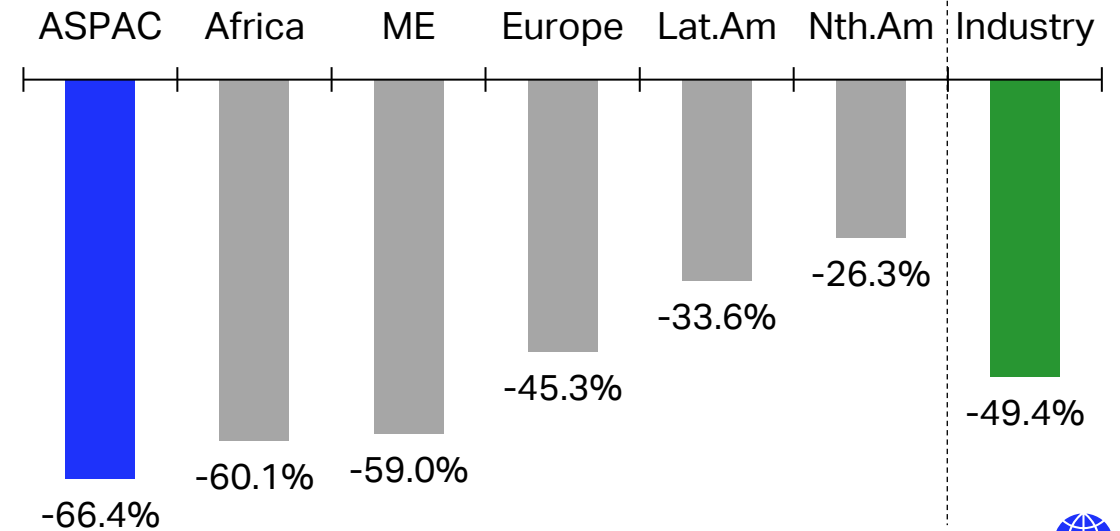
Revenue passenger kilometers (RPKs)

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

% ch vs. the same period in 2019	2020	Aug-21	Sep-21	Oct-21
Region (registration basis)				
Asia Pacific	-62.0	-78.3	-68.7	-66.4
World	-65.9	-56.2	-53.3	-49.4
Routes (segment basis)				
India domestic	-55.7	-44.7	-40.5	-27.0
Japan domestic	-53.6	-59.2	-65.7	-49.3
Australia domestic	-69.3	-84.8	-80.3	-81.0
Asia - Europe	-79.0	-88.4	-86.8	-86.2
Within Asia	-84.1	-97.4	-97.2	-97.0
Asia - Nth America	-80.1	-86.2	-88.4	-89.2
Asia - Middle East	-73.4	-79.1	-74.6	-71.6
S/w Pacific - N/S America	-74.0	-96.0	-97.5	-96.6
Asia - Africa	-79.7	-91.7	-91.5	-92.3

Growth in passenger volumes, by region

RPKs, % change vs. Oct 2019



Air cargo market

- Industry-wide cargo tonne-kilometres (CTKs) grew by 9.4% in October 2021 compared to the same month in 2019. Air cargo volumes have trended sideways for the past six months or so, at elevated levels. Global manufacturing activity and trade have slowed amidst issues related to congestion and input and labour shortages but remain broadly supportive
- Airlines based in Asia Pacific saw their cargo volumes rise by 3.6% in October 2021 versus the same month in 2019, following a 0.5% contraction in September. The large Europe-Asia market segment was an important contributor to the above, partly because the reopening of some international passenger routes. Indeed, belly cargo capacity between Europe and Asia was down only 28.3% 2019 levels in October, compared to 37.9% in September, which is likely to have supported volumes carried.

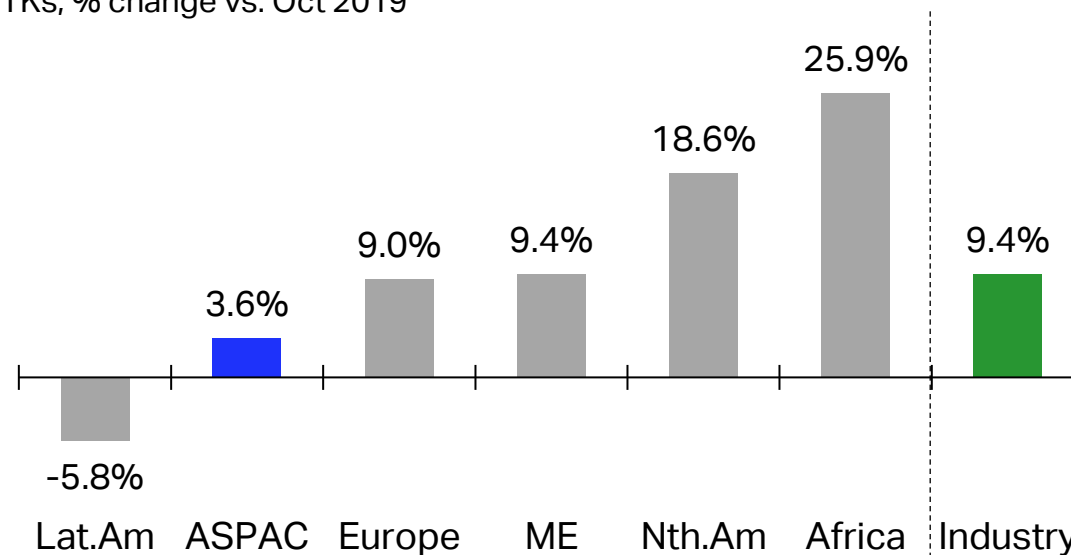
Cargo tonne kilometers (CTKs)

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

% ch vs. the same period in 2019	2020	Aug-21	Sep-21	Oct-21
Region (registration basis)				
Asia Pacific	-13.8	-0.2	-0.5	3.6
World	-8.7	7.5	9.1	9.4
Routes (segment basis)				
Asia - Europe	-10.4	2.9	-0.2	6.8
Asia - Nth America	7.5	26.8	27.1	28.6
Within Asia	-19.6	-5.1	-3.2	-0.8
Asia - Middle East	-6.3	18.0	21.3	13.6
S/w Pacific - N/S America	-29.6	-28.8	-33.7	-33.8
Asia - Africa	9.0	26.9	36.8	25.3

Growth in cargo volumes, by region

CTKs, % change vs. Oct 2019



Capacity growth & load factors

- There was a second consecutive month of improvement in air passenger capacity in October. Industry-wide available seat-kilometres (ASKs) were down 41.2% compared to October 2019, an improvement from the 43.5% fall in September. The ASK recovery was broad-based across the main regions. Asia Pacific airlines reported ASKs 56.5% below pre-crisis levels in October.
- Air cargo capacity also improved this month – industry-wide available cargo tonne-kilometres (ACTKs) were 7.2% below October 2019 levels. In September, the fall versus 2019 was at 8.8%. At the regional level, Asia Pacific airlines posted ACTKs down 15.7% – a robust improvement compared with September (-21.5%).

Capacity growth and load factors

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

ASK/ACTK: %ch vs. the same

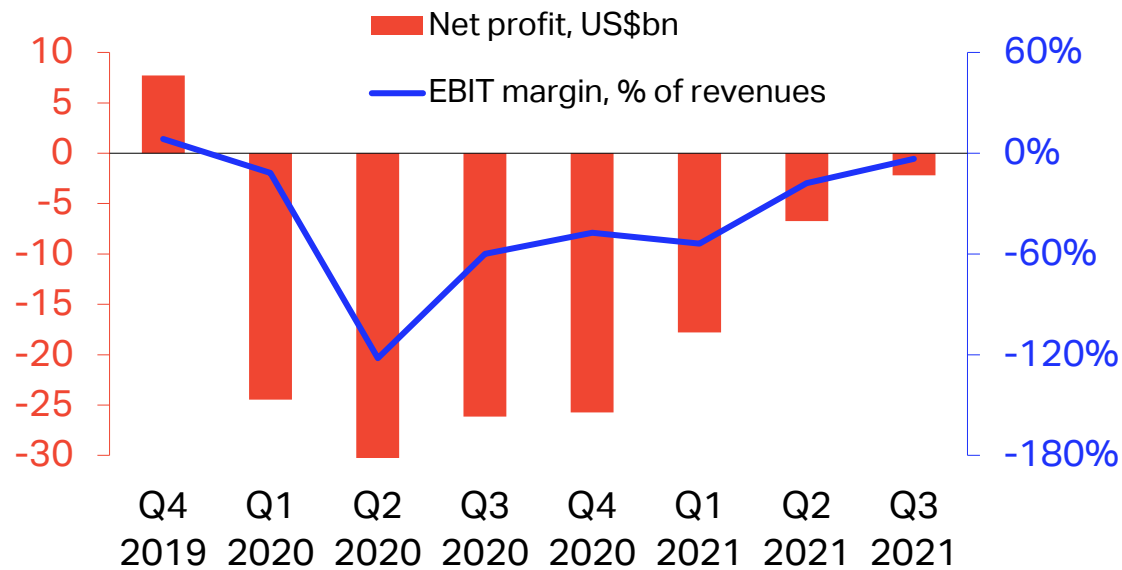
period in 2019, LF: % of ASK/ACTK

		2020	Aug-21	Sep-21	Oct-21
Passenger					
Asia Pacific	ASK	-54.1	-66.5	-58.7	-56.5
	PLF	67.7	54.4	60.7	62.9
World	ASK	-56.7	-46.5	-43.5	-41.2
	PLF	65.1	70.2	67.8	70.6
Cargo					
Asia/Pacific	ACTK	-27.1	-27.5	-21.5	-15.7
	CLF	61.9	70.5	68.2	66.1
World	ACTK	-21.2	-12.5	-8.8	-7.2
	CLF	54.2	54.3	55.3	56.1

Airline EBIT margins & cash flow

- The latest sample of airlines' Q3 financial results confirmed that the industry's financial situation improved at the global level as more markets reopened, travel demand picked up and cargo revenues remained robust. The industry-wide operating loss was at 3.4% of revenues in July-September period, compared with a 17.8% loss in the previous quarter.
- However, operating losses increased compared with Q2 in Asia Pacific as new COVID outbreaks and the resulting lockdowns stifled the recovering domestic demand in many key markets (China, Australia, Japan) while international traffic remained subdued.

Sample Historical Profitability



Airline operating (EBIT) margins*

% revenues	2019	2020	2021Q2	2021Q3
Asia Pacific	3.7	-28	-15	-20
Industry	5.2	-30	-18	-3

* constant sample basis, not seasonally adjusted

Jet aircraft deliveries made & scheduled

- As of December 2021, Asia Pacific airlines are scheduled to receive 61% more aircraft deliveries in 2022 compared with 2021. Most of these deliveries will be a narrow-body aircraft (+127 vs. 2021).

Aircraft deliveries to the Asia Pacific (as of December 2021)

deliveries made & due

