State of the Region:

Asia Pacific

IATA Economics

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GDP growth, exchange rates, oil & jet fuel price

- GDP annual growth accelerated in Q4 versus Q3 across most countries in Asia Pacific, for which the year-end data is available. The growth rate improved most significantly in Malaysia (from -4.5% to 3.6%) and Vietnam (from -6.0% to 5.2%). Both states benefitted from relaxation of COVID curbs and surging vaccination.
- Among the key regional currencies, the AUD was the main mover, losing 2.8% against the USD.
- The average monthly jet fuel price increased by 16% in January versus December to USD100.9/barrel – the highest level since October 2014. The price increase partly reflects concerns about the impact of geopolitical tensions in eastern Europe on oil supply chains.

GDP growth

% change on a year ago	2021	Q2 2021	Q3 2021	Q4 2021
India	--	20.1	8.4	--
Japan	1.7	7.3	1.2	0.7
Indonesia	3.7	7.1	3.5	5.0
Korea	4.0	6.0	4.0	4.0
Australia	--	9.5	3.9	--
Thailand	1.6	7.8	-0.2	1.7
Malaysia	3.1	16.1	-4.5	3.6
Philippines	5.3	12.1	7.1	7.3
Vietnam	2.6	6.7	-6.0	5.2
Singapore	7.6	15.8	7.6	6.1
World	**5.8**	**11.6**	**4.7**	**4.3**

Exchange rates

end of period, # per US$	% YTD 2022	Nov-21	Dec-21	Jan-22
US$ broad index	-0.6%	115.0	115.8	115.1
Japanese yen (JPY)	-0.1%	113.5	115.2	115.3
Australian dollar (AUD)	-2.8%	1.41	1.38	1.42
Sth Korean won (KRW)	-1.5%	1187	1189	1206
Indian rupee (INR)	-0.4%	75.2	74.3	74.6
Indonesian rupiah (IDR)	-0.9%	14323	14253	14382
Thai baht (THB)	0.3%	33.7	33.4	33.3
Malaysian ringgit (MYR)	-0.5%	4.21	4.17	4.19
Philippine pesso (PHP)	0%	50.4	51.0	51.0
Vietnamese dong (VND)	0.6%	22694	22790	22650
Singapore dollar (SGD)	0%	1.37	1.35	1.35

Oil and fuel price

US$/barrel (period ave.)	2021	Nov-21	Dec-21	Jan-22
Crude oil (Brent)	70.9	80.9	74.7	85.6
Jet fuel	77.7	91.8	87.1	100.9

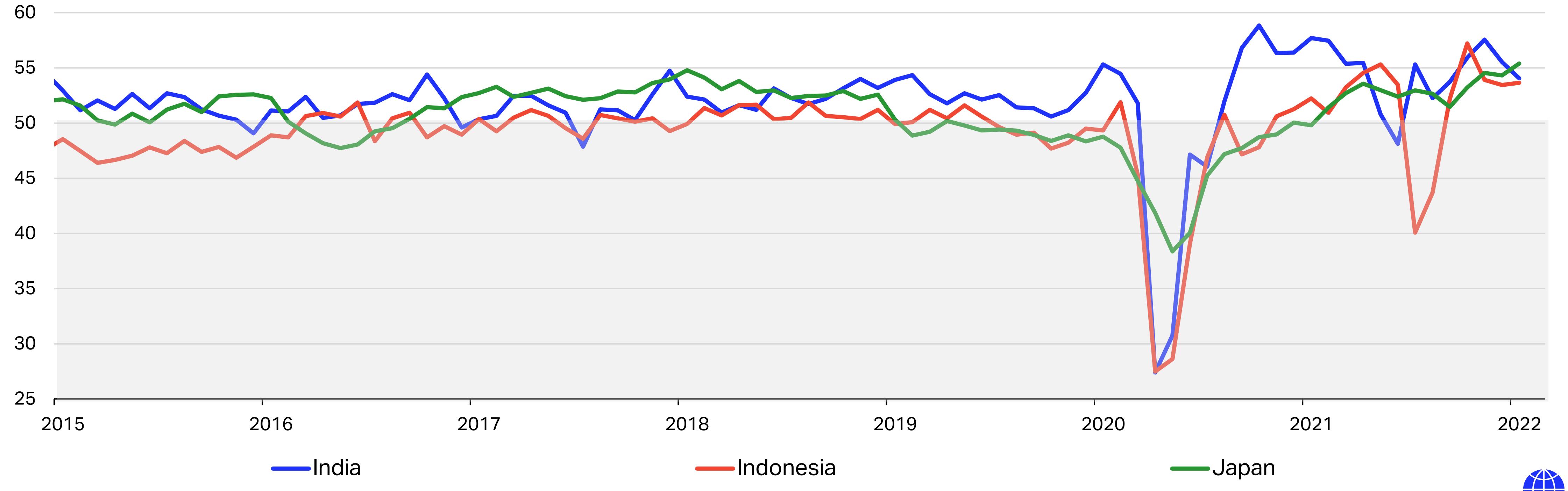
Source: Refinitiv Eikon, S&P Platts

Purchasing Managers' Index

- While the manufacturing PMI for India fell sharply, it moved sideways for Indonesia and reached an eight-year high in Japan. Despite the mixed developments, the metric remained above 50 across the three countries, indicating that operating conditions overall improved for the majority of the PMI survey respondents.

Purchasing Managers' Index - Manufacturing

50=no change, seasonally adjusted



Source: Markit

Passenger market

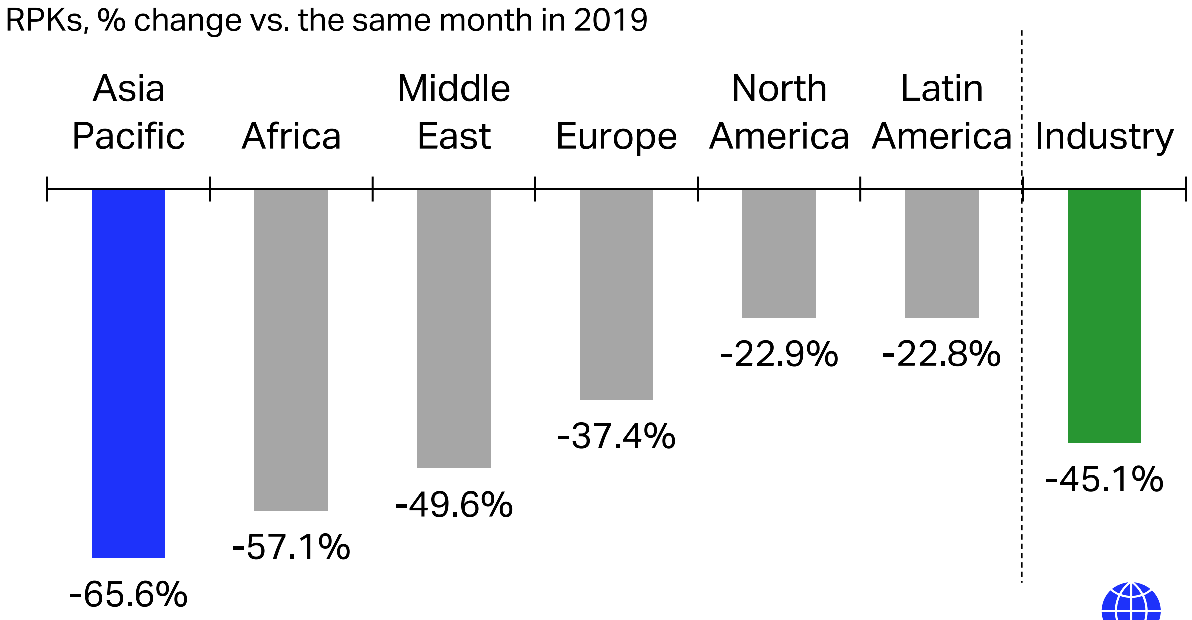
- Global air travel recovery continued in December since strong demand over the holiday season helped to offset Omicron-related disruptions. Industry-wide revenue passenger-kilometres (RPKs) fell by 45.1% versus December 2019 and by 58.4% in 2021 overall compared with 2019 – a slight improvement on a 65.8% contraction in 2020 as more markets reopened with vaccination progress.

- RPKs flown by Asia Pacific carriers continued in slow but gradual recovery at the year-end, contracting by 65.6% in December compared with 69.9% in November (both versus 2019 levels). Passenger traffic to, from and within the region remained negatively impacted by some of the strictest international travel restrictions globally throughout the year. As a result, Asia Pacific RPKs showed the sharpest contraction in the industry in 2021 overall – down 66.9% versus 2019.

Revenue passenger-kilometres (RPKs)

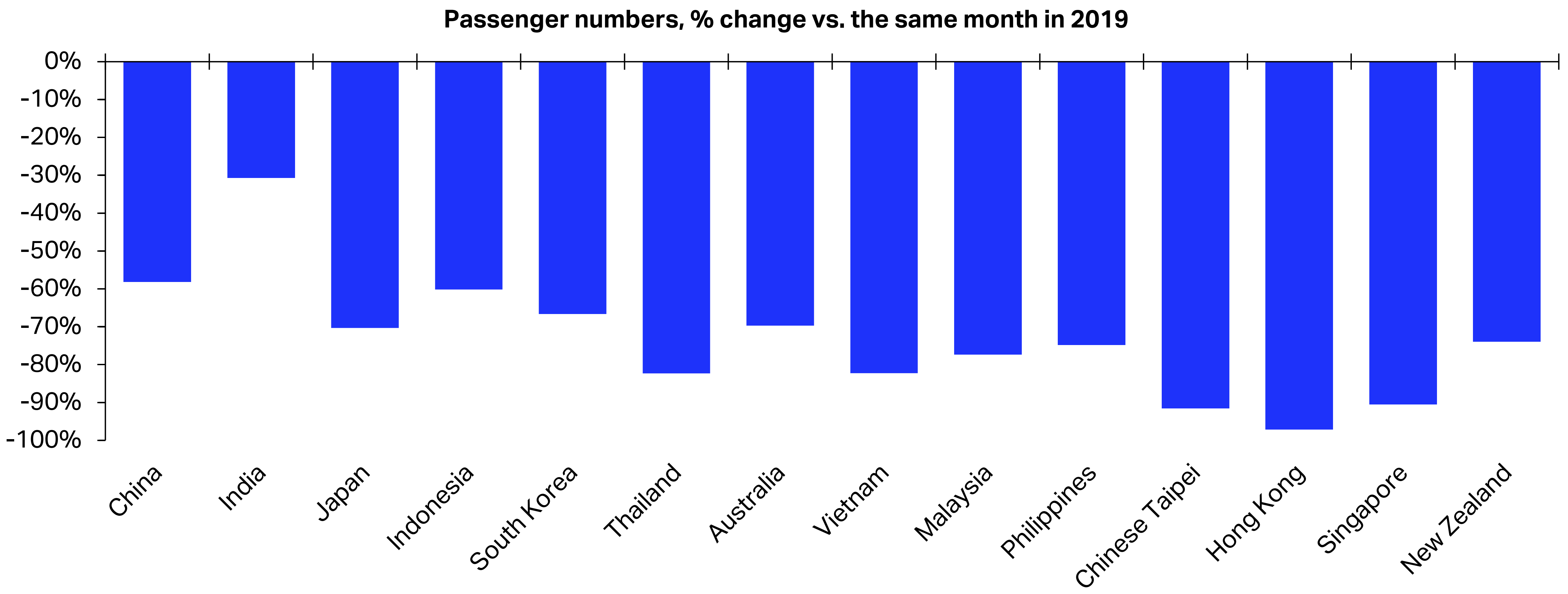
% ch vs. the same period in 2019	2021	Oct-21	Nov-21	Dec-21
Region (registration basis)				
Asia Pacific	-66.9	-65.8	-69.9	-65.6
World	-58.4	-48.9	-47.0	-45.1
Routes (segment basis)				
India domestic	-41.8	-27.0	-17.1	-12.8
Japan domestic	-57.9	-50.2	-37.1	-25.9
Australia domestic	-62.4	-78.5	-71.6	-60.4
Asia - Europe	-88.8	-86.2	-83.4	-78.8
Within Asia	-97.2	-97.0	-96.1	-94.6
Asia - Nth America	-89.8	-89.3	-85.7	-83.0
Asia - Middle East	-78.1	-71.6	-66.8	-63.8
S/w Pacific - N/S America	-96.2	-96.6	-93.3	-89.8
Asia - Africa	-91.9	-91.9	-92.4	-93.1

Growth in passenger volumes (RPKs), by region



Source: IATA Monthly Statistics

Passenger numbers – December 2021



Source: IATA Economics using DDS data

Air cargo market

- Air cargo ended the year on a strong note, with cargo tonne-kilometres (CTKs) up 8.9% versus December 2019. In 2021 overall, air cargo volumes rose by a robust 6.9% versus 2019. The growth throughout the year was supported by increased demand for air cargo services during the global inventory restocking cycle and a congestion in the shipping industry.

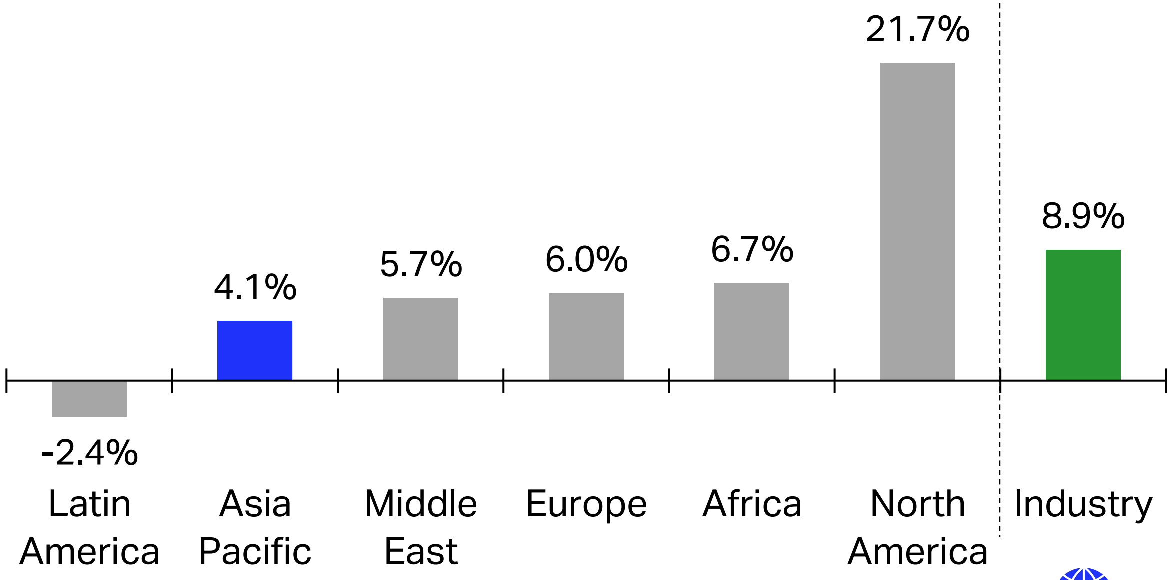
- Asia Pacific airlines struggled with a lack of capacity last year. Nevertheless, demand for goods made in the region was strong, including for PPE in November and December. Region's CTKs increased by 0.2% in 2021 versus 2019, and by 4.1% in December 2021 versus December 2019.

Cargo tonne-kilometres (CTKs)

% ch vs. the same period in 2019	2021	Oct-21	Nov-21	Dec-21
Region (registration basis)				
Asia Pacific	0.2	2.0	1.3	4.1
World	6.9	8.4	3.9	8.9
Routes (segment basis)				
Asia - Europe	6.2	7.0	2.7	9.9
Asia - Nth America	28.7	28.4	23.5	30.8
Within Asia	-3.1	-0.9	-3.4	-1.1
Asia - Middle East	17.3	14.7	8.1	11.6
S/w Pacific - N/S America	-32.2	-34.1	-30.9	-28.6
Asia - Africa	34.1	23.3	13.5	30.6

Growth in cargo volumes (CTKs), by region

CTKs, % change vs. the same month in 2019



Source: IATA Monthly Statistics

Capacity growth & load factors

- Despite the new wave of flight cancellations linked to the Omicron outbreak, the rate of decline in global seat capacity (ASKs) eased to -37.6% in December 2021 versus December 2019. ASKs flown by Asia Pacific airlines fell by 55.0% over the same period. In 2021 as whole, the regional airlines' ASKs contracted by 56.7% – underperforming the global average (-48.8%).

- Global air cargo capacity continued to come back last year with the return of international passenger capacity. Industry-wide available cargo tonne-kilometres (ACTKs) fell by 4.7% in December and by 10.9% in 2021 as a whole versus 2019. Meanwhile, ACTKs of Asia Pacific airlines declined by 13.2% in December and by 18% in full 2021 compared with the equivalent period in 2019.

Capacity growth and load factors

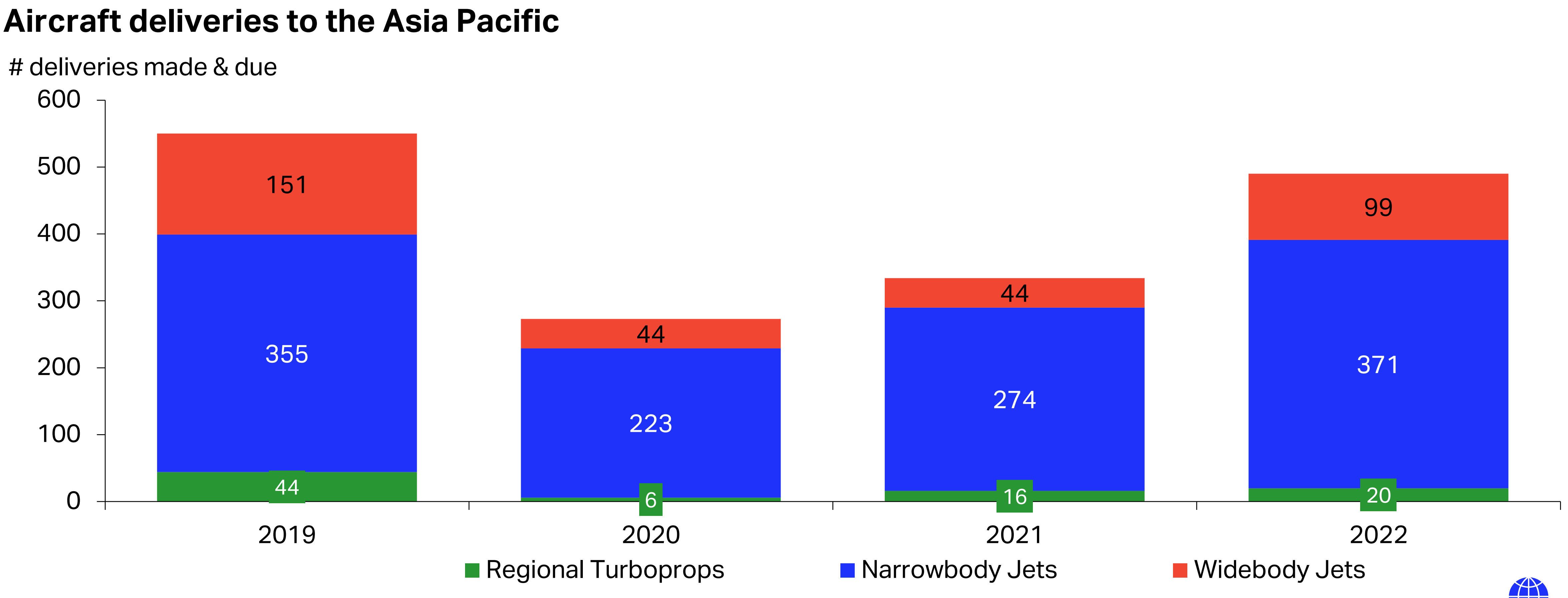
ASK/ACTK: %ch vs. the same period in 2019, LF: % of ASK/ACTK		**2021**	**Oct-21**	**Nov-21**	**Dec-21**
Passenger					
Asia Pacific	ASK	-56.7	-55.8	-59.2	-55.0
	PLF	*62.6*	*63.0*	*60.0*	*62.5*
World	ASK	-48.8	-40.8	-39.8	-37.6
	PLF	*67.2*	*70.8*	*71.3*	*72.3*
Cargo					
Asia/Pacific	ACTK	-18.0	-13.1	-15.6	-13.2
	CLF	*64.0*	*63.2*	*65.4*	*63.4*
World	ACTK	-10.9	-7.4	-7.6	-4.7
	CLF	56.1	*55.6*	*56.0*	*54.2*

Note: LF=load factor. ASK=available seat kilometers. ACTK=available cargo tonne-kilometers.

Source: IATA Monthly Statistics

Jet aircraft deliveries made & scheduled

- As of February 2022, Asia Pacific airlines are scheduled to receive 48% more aircraft deliveries in 2022 compared with 2021.



Source: Cirium Fleet Analyzer