

Economy

GDP growth, selected countries

% change on a yr ago	2019	Q4 2019	Q1 2020	Q2 2020
India	4.9	4.1	3.1	-23.9
Japan	0.7	-0.7	-1.9	-10.1
Indonesia	5.0	5.0	3.0	-5.3
Korea	2.0	2.4	1.4	-2.8
Australia	1.8	2.3	1.6	-6.3
Thailand	2.4	1.5	-2.0	-12.1
Malaysia	4.3	3.6	0.7	-17.1
World*	2.5	2.4	-1.7	-9.0

* Market exchange rate basis Source: Datastream

Exchange rates

end of period, # per US\$	2019	Jul-20	Aug-20	Sep-20
US\$ broad index	114.7	117.6	116.1	117.3
Japanese yen (JPY)	108.6	105.7	106.5	105.5
Australian dollar (AUD)	1.43	1.39	1.36	1.40
Sth Korean won (KRW)	1155	1193	1187	1165
Indian rupee (INR)	71.4	74.8	73.6	73.8
Indonesian rupiah (IDR)	13883	14600	14563	14880
Thai baht (THB)	30.0	31.2	31.1	31.7
Malaysian ringgit (MYR)	4.09	4.24	4.17	4.16

Source: Datastream

World oil and jet fuel price

US\$/barrel (period ave.)	2019	Jul-20	Aug-20	Sep-20
Crude oil (Brent)	64.2	43.3	45.1	41.9
Jet fuel	79.6	45.5	45.4	41.1

Source: Platts, Datastream (monthly average data)

Market

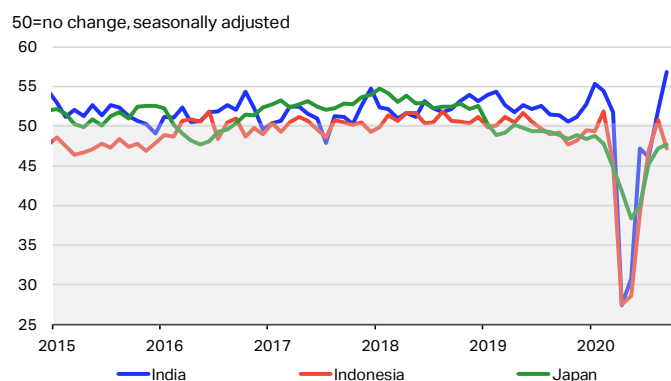
Revenue passenger kilometers (RPKs)

% change on a yr ago	2019	Jun-20	Jul-20	Aug-20
Region (registration basis)				
Asia Pacific	4.6	-76.3	-71.8	-69.2
World	4.1	-86.3	-79.5	-75.3
Routes (segment basis)				
Japan domestic	3.7	-74.9	-64.4	-68.6
Australia domestic	0.7	-92.9	-87.1	-91.5
Asia - Europe	6.7	-97.2	-95.7	-94.5
Within Asia	5.3	-98.9	-98.5	-98.4
Asia - Nth America	2.4	-95.7	-94.4	-93.5
Asia - Middle East	4.2	-96.9	-93.3	-92.3
S/w Pacific - N/S America	4.8	-97.3	-97.7	-97.2
Asia - Africa	3.5	-98.5	-97.6	-95.1

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

- Industry-wide revenue passenger-kilometres (RPKs) contracted by 75.3% year-on-year in August, compared with a 79.5% decline in July. Domestic markets continued to drive the industry rebound.
- Airlines based in Asia Pacific reported a 69.2% annual RPK contraction, which represents the best outcome of all regions for another month.

Business confidence - manufacturing PMIs

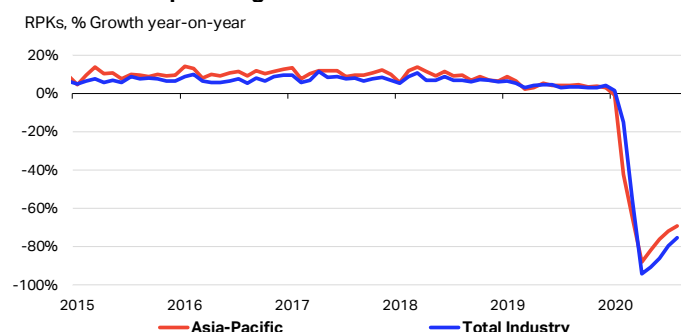


Source: Markit

- India's manufacturing PMI reached the highest level since 2012, driven by the resumption of business activity after COVID restrictions were lifted. In contrast, negative effects of the pandemic continued to weigh on operating conditions in both Japan and Indonesia.
- The resurgence of the virus and concerns about its impact on the global economy contributed to the rise in the trade-weighted US dollar index (+1%) in Sep. Of the key regional currencies, the AUD lost 2.5% vs. the US\$.
- The average jet and crude oil price fell in September as the second waves of COVID-19 led to pessimism amongst investors about future fuel demand recovery.

- The resurgence of the virus weighed on RPK performance in Japan and Australia where the year-on-year contraction accelerated slightly, to -68.6% and -91.5%yoy, respectively. RPK developments in Australia were also impacted by travel restrictions between some states and territories.
- Traffic in the region's international markets remained subdued due to quarantine requirements and other COVID-19 related restrictions. All key int'l routes contracted by more than 90%yoy.

Growth in air passenger volumes



Source: IATA Economics

Cargo tonne kilometers (CTKs)

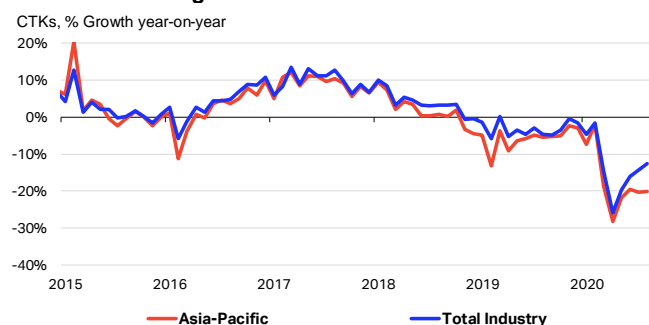
% change on a yr ago	2019	Jun-20	Jul-20	Aug-20
Region (registration basis)				
Asia Pacific	-5.6	-19.6	-20.3	-20.1
World	-3.2	-16.1	-14.4	-12.6
Routes (segment basis)				
Asia - Europe	-1.5	-21.9	-19.7	-18.6
Asia - Nth America	-3.7	0.4	3.2	3.5
Within Asia	-7.7	-31.4	-27.4	-26.9
Asia - Middle East	-2.3	-17.5	-14.3	-3.3
S/w Pacific - N/S America	-8.5	-71.1	-61.5	-43.3
Asia - Africa	12.6	20.1	5.4	16.1

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

- Industry-wide cargo tonne-kilometres (CTKs) fell by 12.6% year-on-year in August compared with a 14.4%yoy decline in the previous month.
- The recovery in cargo volumes has been slower than the rebound in some of the leading economic indicators such as new export orders amidst insufficient cargo capacity on some routes.

- Cargo demand of airlines based in Asia Pacific fell 20.1% year-on-year in August, almost unchanged from the result in July (-20.3%yoy).
- Of the key international markets, CTK growth continued to improve on trade lanes between Asia-Nth.Am (+3.5%yoy) due to a solid US demand for Asian goods. The smaller Asia-Africa also performed robustly (up 16.1%yoy).

Growth in air cargo volumes



Source: IATA Economics

Industry

Capacity growth and load factors

ASK/ACTK: %ch on a yr ago,		2019	Jun-20	Jul-20	Aug-20
LF: % of ASK/ACTK					
Passenger					
Asia Pacific	ASK	4.3	-69.8	-64.4	-60.3
	PLF	81.9	64.6	65.7	65.0
World	ASK	3.3	-80.2	-69.8	-63.8
	PLF	82.6	58.2	58.2	58.5
Cargo					
Asia/Pacific	ACTK	0.9	-35.2	-35.1	-33.5
	CLF	52.3	65.2	63.7	61.6
World	ACTK	2.1	-32.6	-31.8	-29.4
	CLF	46.8	57.1	56.4	54.8

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

- Industry-wide capacity (ASKs) continued to recover faster than RPKs. As a result, the global passenger load factor reached an all-time low for August, at 58.5%. Asia Pacific airlines recorded load factor down 19ppts vs. a year ago, at 65%.
- For cargo, the industry-wide load factor was at a new maximum for this month (54.8%), amidst the ongoing lack of belly cargo capacity. At the regional level, Asia Pacific carriers posted the CLF at 61.6%, up 10.3ppts compared with a year ago.
- The final sample of Q2 2020 financial results confirmed the severe impact of the pandemic on airlines' businesses as passenger demand collapsed.

- On the positive side, some airlines based in the Asia Pacific region returned to profitability with the help of their cargo business following large losses in the first quarter of the year.
- Note that the passenger yield data should be interpreted with caution due to the small number of tickets being sold amidst the pandemic crisis.

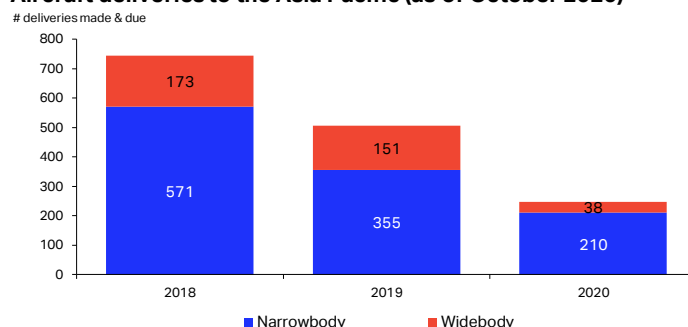
Passenger yields (US\$, excl. surcharges & ancillaries)

% change on a yr ago	2019	Jun-20	Jul-20	Aug-20
India domestic	3.3	-27.6	-10.7	-7.7
Australia domestic	-5.6	10.0	11.7	5.1
Asia - Europe	-7.7	-7.6	-11.5	-6.9
Within Asia	-4.5	-26.7	-25.8	-21.6
Asia - Nth America	-2.6	5.6	3.5	-5.3
Asia - Middle East	7.7	7.4	19.4	28.3
Asia - Sth America	-7.8	32.7	20.0	11.7
Asia - Africa	-5.8	65.6	63.5	61.8

Source: DDS Note: historical data may be subject to revision

- The latest data indicate a 51% fall in jet aircraft deliveries scheduled for Asia Pacific carriers in 2020 versus 2019. This fall is driven by the orders of both wide-body and narrow-body aircraft.

Aircraft deliveries to the Asia Pacific (as of October 2020)



Source: Ascend

Airline operating (EBIT) margins*

% revenues	2018	2019	2019Q2	2020Q2
Asia Pacific	4.7	3.7	8.3	-39
Industry	5.7	5.2	9.7	-71

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