

# State of the Region:

## Asia Pacific

**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 THB was the main mover, losing 5% against the US\$. Since the start of the year, the baht has lost nearly 13%, which has made it the worst performing currency in emerging Asia in 2021.
- 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
India	-7.0	0.5	1.6	20.1
Japan	-4.7	-0.8	-1.3	7.7
Indonesia	-2.1	-2.2	-0.7	7.1
Korea	-0.9	-1.1	1.9	6.0
Australia	-2.4	-0.9	1.3	9.6
Thailand	-6.2	-4.3	-2.6	7.6
Malaysia	-5.6	-3.4	-0.5	16.1
Philippines	-9.5	-9.1	-3.9	11.8
Vietnam	2.6	4.5	4.7	6.6
Singapore	-5.4	-2.4	1.5	14.6
<b>World*</b>	<b>-3.5</b>	<b>-1.1</b>	<b>2.7</b>	<b>11.5</b>

## 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
Japanese yen (JPY)	103.3	109.8	109.9	111.6
Australian dollar (AUD)	1.29	1.36	1.37	1.38
Sth Korean won (KRW)	1087	1151	1158	1184
Indian rupee (INR)	73.1	74.4	73.0	74.2
Indonesian rupiah (IDR)	14050	14463	14263	14313
Thai baht (THB)	30.0	32.9	32.2	33.8
Malaysian ringgit (MYR)	4.02	4.22	4.16	4.19
Philippine peso (PHP)	48.0	50.0	49.8	51.0
Vietnamese dong (VND)	23083	22955	22783	22760
Singapore dollar (SGD)	1.32	1.35	1.35	1.36

## Oil and fuel price

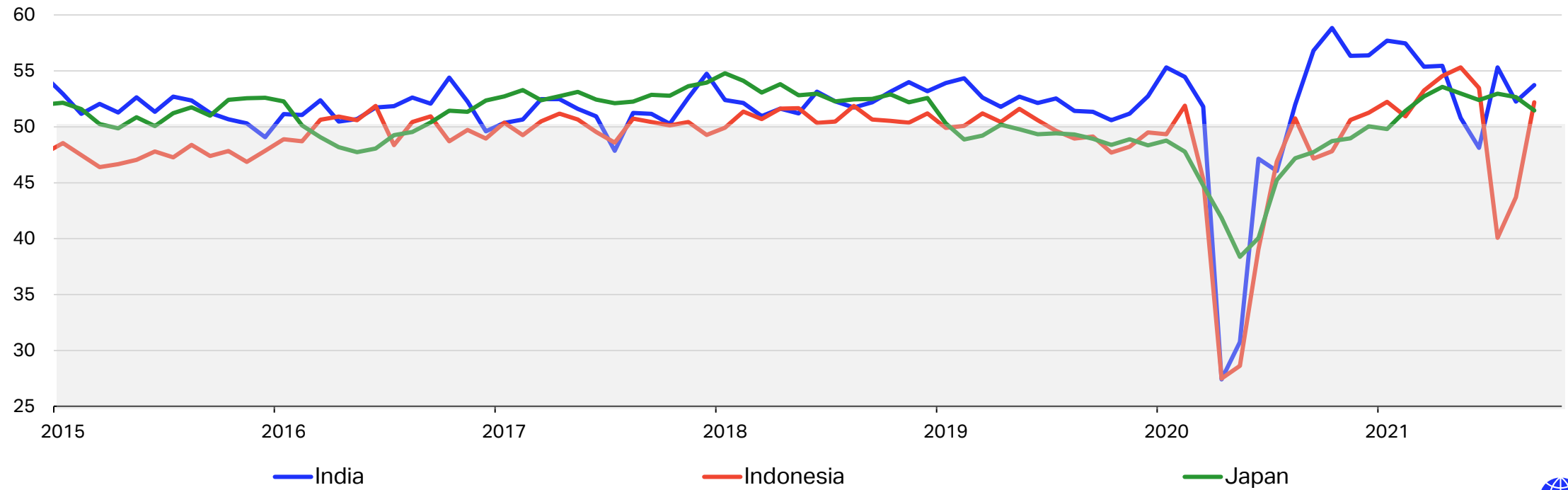
<i>US\$/barrel (period ave.)</i>	2020	Jul-21	Aug-21	Sep-21
Crude oil (Brent)	43.4	74.4	70.6	74.7
Jet fuel	46.3	79.5	76.9	82.9

# Business confidence

- The growth momentum in Japan's manufacturing sector eased further in September as supply chain disruptions increased pressure on input costs. In Indonesia, the manufacturing sector returned to expansion as the latest COVID-19 wave subsided in the country. Operating conditions improved also in India amidst rising demand for manufactured goods.

## Business confidence - manufacturing PMIs

50=no change, seasonally adjusted



# Passenger market

- The spread of the Delta variant led to a slight deterioration 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.
- Contraction in Asia Pacific RPKs accelerated in August as COVID outbreaks reverted passenger traffic recovery in some of the key domestic markets, including Japan and Australia.

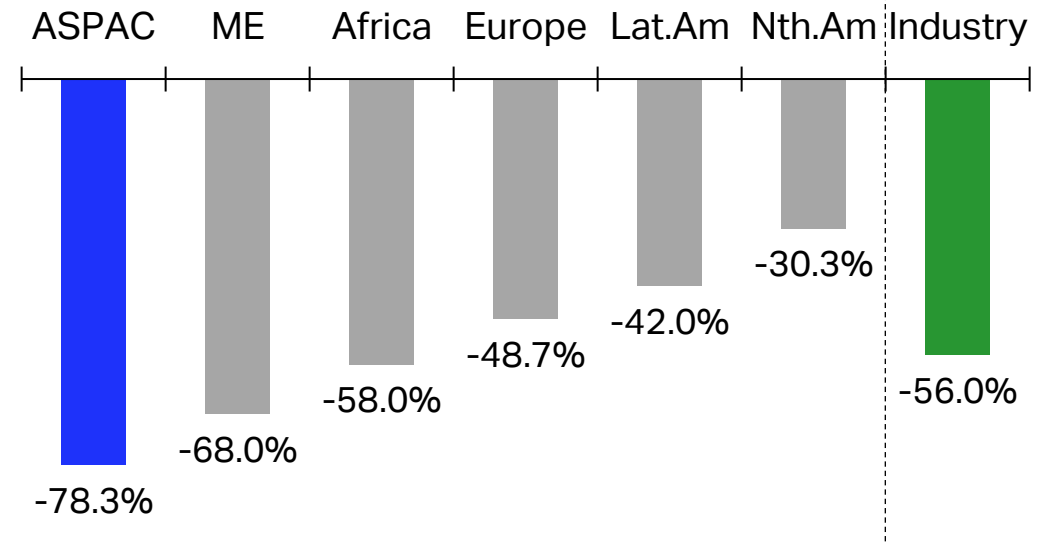
## Revenue passenger kilometers (RPKs)

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
<b>Region (registration basis)</b>				
Asia Pacific	-62.0	-66.0	-63.5	-78.3
World	-65.9	-59.9	-53.0	-56.0
<b>Routes (segment basis)</b>				
India domestic	-55.7	-75.1	-58.9	-44.8
Japan domestic	-53.6	-67.6	-55.2	-59.8
Australia domestic	-69.3	-49.7	-74.8	-83.3
Asia - Europe	-79.0	-91.0	-89.4	-88.4
Within Asia	-84.1	-97.5	-97.7	-97.4
Asia - Nth America	-80.1	-91.5	-89.5	-86.3
Asia - Middle East	-73.4	-84.3	-83.0	-78.7
S/w Pacific - N/S America	-74.0	-96.1	-95.7	-96.0
Asia - Africa	-79.7	-91.5	-92.7	-91.7

## 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.
- Asia Pacific CTKs fell by 2.1% in August compared with pre-crisis 2019 – a modest deterioration from the previous month. Looking ahead, the slowing growth momentum in the Chinese economy indicates that operating backdrop might be less supportive to the region's near-term cargo demand.

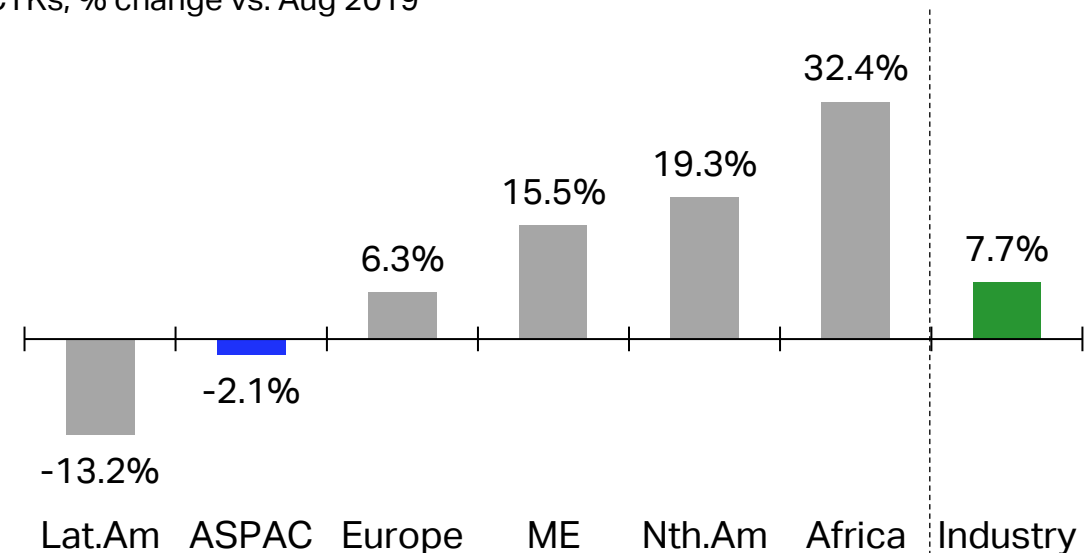
## Cargo tonne kilometers (CTKs)

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
<b>Region (registration basis)</b>				
Asia Pacific	-13.8	0.5	0.7	-2.1
World	-8.7	9.2	8.8	7.7
<b>Routes (segment basis)</b>				
Asia - Europe	-10.5	5.0	3.3	2.9
Asia - Nth America	7.5	27.6	29.4	28.4
Within Asia	-19.6	-3.2	-4.7	-4.5
Asia - Middle East	-6.3	18.5	15.6	16.4
S/w Pacific - N/S America	-29.6	-47.2	-34.1	-31.2
Asia - Africa	9.0	43.4	35.1	26.4

## 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. 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. With demand recovering faster than that of capacity, cargo load factors remained 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
<b>Passenger</b>					
Asia Pacific	ASK	-54.1	-57.5	-54.9	-66.5
	PLF	67.7	67.9	65.7	67.5
World	ASK	-56.7	-51.4	-44.7	-46.2
	PLF	65.1	66.3	69.8	73.1
<b>Cargo</b>					
Asia/Pacific	ACTK	-27.1	-21.7	-20.1	-28.1
	CLF	61.9	64.5	67.4	65.4
World	ACTK	-21.1	-11.9	-10.6	-12.2
	CLF	54.2	57.7	56.8	54.4

# Airline EBIT margins & cash flow

- The latest financial results confirmed that pressure on airlines profitability eased in Q2 amidst signs of traffic recovery in some key domestic and short-haul international markets.
- Cash flow generation also improved in Q2 due to the rebound in passenger bookings. The improvement was broad-based across all regions, but Asia Pacific airlines continued to burn cash at the aggregated level.

## Airline operating (EBIT) margins\*

<b>% revenues</b>	<b>2019</b>	<b>2020</b>	<b>2021Q1</b>	<b>2021Q2</b>
Asia Pacific	3.7	-28	-26	-17
Industry	5.2	-30	-36	-14

\* constant sample basis, not seasonally adjusted

## Airline cash flow\*

<b>% revenues</b>	<b>2021Q1</b>		<b>2021Q2</b>	
	<b>Net cash</b>	<b>Free cash</b>	<b>Net cash</b>	<b>Free cash</b>
	<b>flow<sup>1</sup></b>	<b>flow</b>	<b>flow<sup>1</sup></b>	<b>flow</b>
Asia Pacific	-6	-16	0	-9
Industry	-9	-22	20	10

<sup>1</sup> from operating activities, \* constant sample basis, not seasonally adjusted

# Jet aircraft deliveries made & scheduled

- As of October 2021, the number of aircraft deliveries scheduled for 2022 by airlines based in the Asia Pacific region is expected to exceed 2019 levels by 17%. The increase will be driven by narrow body aircraft as carriers expect the recovery of short- and medium-haul traffic to be faster than long-haul.

## Aircraft deliveries to the Asia Pacific (as of October 2021)

# deliveries made & due

