

State of the Region:

Asia Pacific

IATA Economics

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Contact: economics@iata.org



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 INR and THB were the main movers, gaining 1.9% 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
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
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
Japanese yen (JPY)	103.3	111.0	109.8	109.9
Australian dollar (AUD)	1.29	1.33	1.36	1.37
Sth Korean won (KRW)	1087	1130	1151	1158
Indian rupee (INR)	73.1	74.3	74.4	73.0
Indonesian rupiah (IDR)	14050	14500	14463	14263
Thai baht (THB)	30.0	32.1	32.9	32.2
Malaysian ringgit (MYR)	4.02	4.15	4.22	4.16
Philippine peso (PHP)	48.0	48.8	50.0	49.8

Oil and fuel price

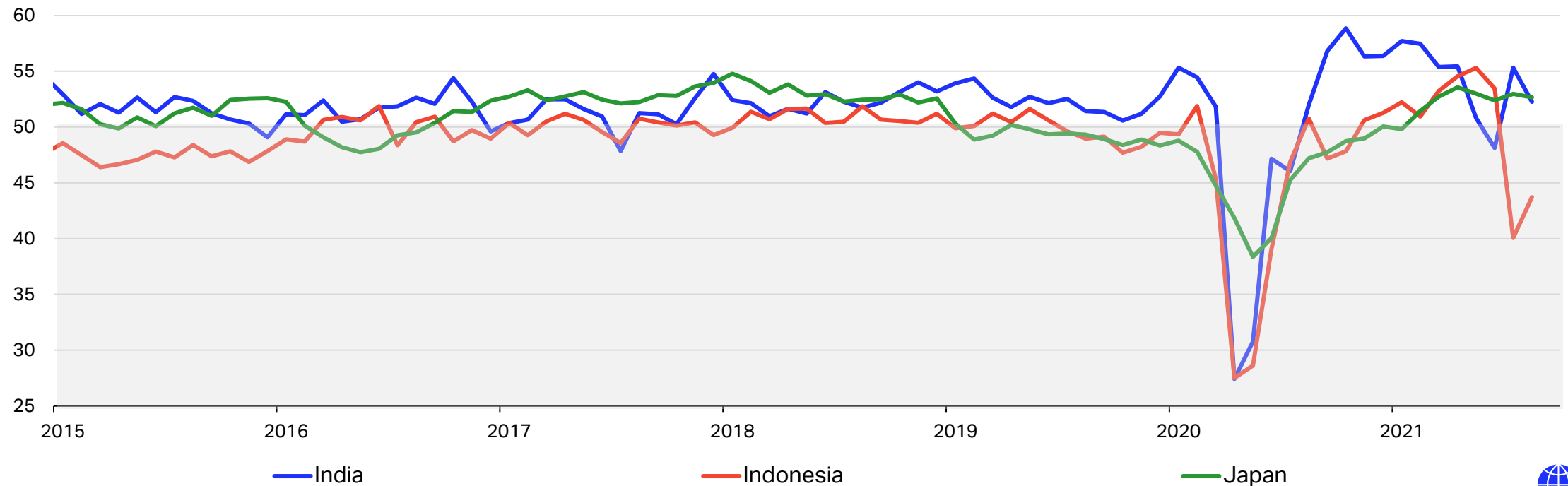
<i>US\$/barrel (period ave.)</i>	2020	Jun-21	Jul-21	Aug-21
Crude oil (Brent)	43.4	73.5	74.4	70.6
Jet fuel	46.3	77.6	79.5	76.9

Business confidence

- The growth momentum in Indian manufacturing sector slowed in August amidst the pandemic effects and inflationary pressures. The manufacturing growth eased also in Japan, reflecting slower rise in demand. Despite a modest improvement vs. July, operating conditions remained challenging in Indonesia due to second COVID-19 wave.

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.
- RPKs in Asia Pacific fell by 62.7% in July 2021 compared with July 2019. The traffic recovery remains adversely impacted by strict international travel restrictions in the region.

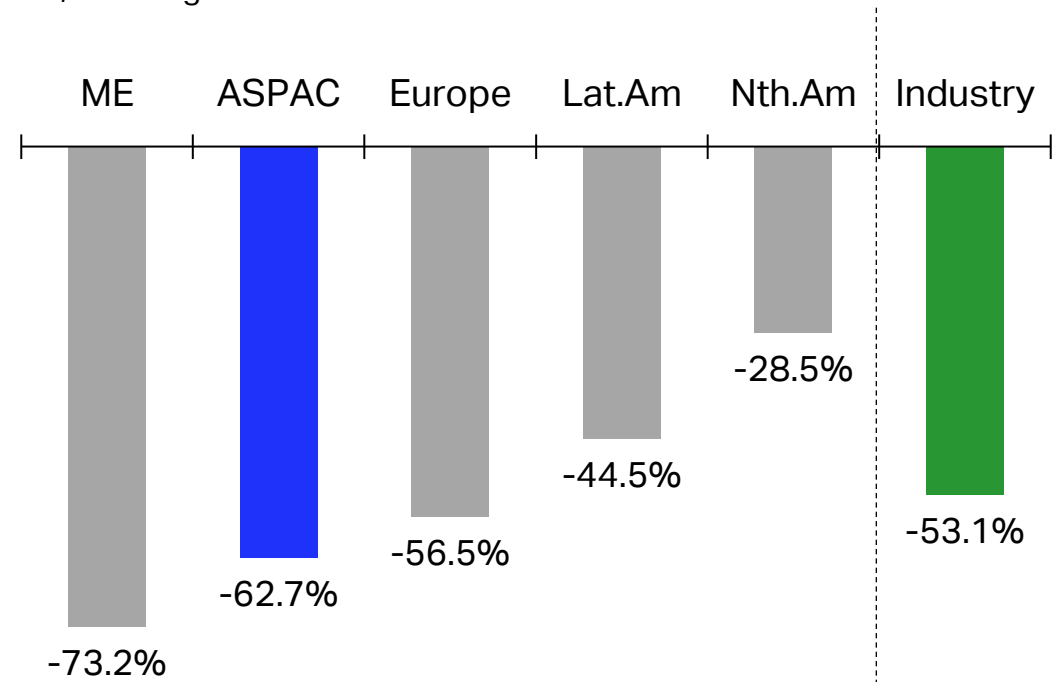
Revenue passenger kilometers (RPKs)

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)				
Asia Pacific	-62.0	-60.4	-66.0	-62.7
World	-65.9	-62.9	-60.0	-53.1
Routes (segment basis)				
India domestic	-55.7	-82.7	-74.1	-59.4
Japan domestic	-53.6	-68.0	-67.6	-53.9
Australia domestic	-69.3	-34.7	-51.4	-75.4
Asia - Europe	-79.0	-92.6	-91.0	-89.4
Within Asia	-84.1	-97.5	-97.5	-97.6
Asia - Nth America	-80.1	-92.9	-91.5	-89.5
Asia - Middle East	-73.4	-83.7	-84.4	-83.0
S/w Pacific - N/S America	-74.0	-97.1	-96.1	-95.7
Asia - Africa	-79.7	-92.8	-91.5	--

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%.
- Asia Pacific CTKs grew by 1.2% in July 2021 vs. July 2019, which is a similar outcome as in June. Growth momentum in key cargo demand drivers in the region, such as the manufacturing output, has been easing.

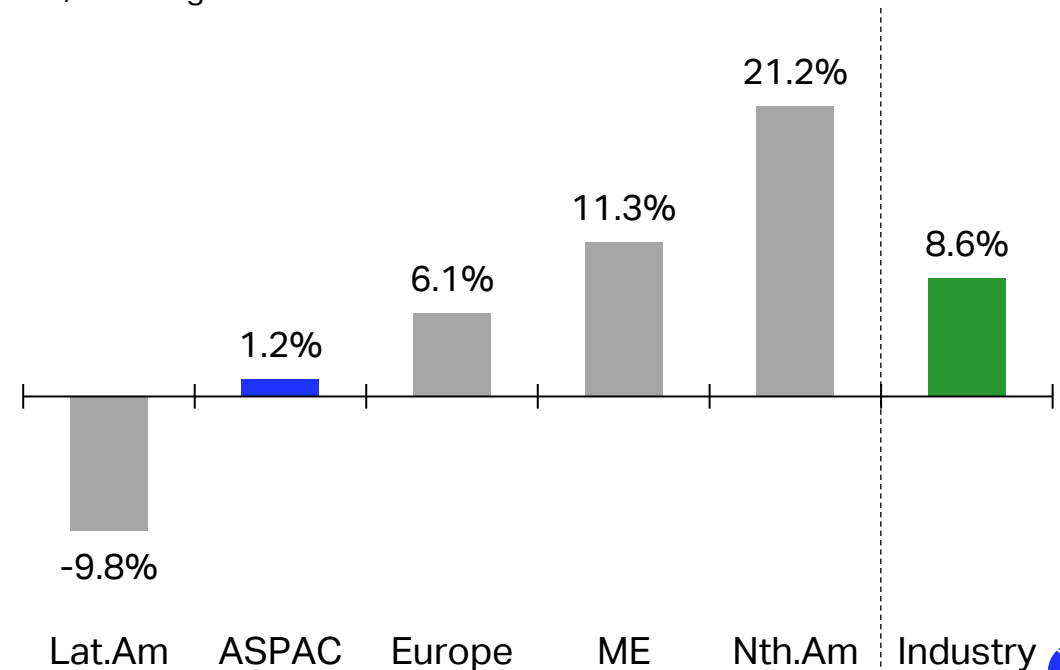
Cargo tonne kilometers (CTKs)

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)				
Asia Pacific	-13.8	-0.1	0.8	1.2
World	-8.7	7.8	9.2	8.6
Routes (segment basis)				
Asia - Europe	-10.5	2.7	5.0	3.1
Asia - Nth America	7.6	30.2	28.7	30.6
Within Asia	-19.6	-8.1	-3.2	-4.7
Asia - Middle East	-6.3	17.2	18.5	15.5
S/w Pacific - N/S America	-28.8	-43.3	-46.3	-32.9
Asia - Africa	9.0	21.1	43.4	--

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. Passenger capacity of Asia Pacific airlines fell by 54.1% vs. July 2019 – the second weakest outcome in the industry after the Middle East. Load factors remained below 2019 levels across all regions
- Global cargo capacity continued to improve but there were regional differences. Asia Pacific carriers reported ACTKs down 19.8% vs. July 2019. 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					
Asia Pacific	ASK	-54.1	-53.1	-57.4	-54.1
	PLF	67.7	67.9	65.7	67.5
World	ASK	-56.7	-54.3	-51.6	-45.2
	PLF	65.1	66.3	69.8	73.1
Cargo					
Asia/Pacific	ACTK	-27.1	-17.8	-21.4	-19.8
	CLF	61.9	64.5	67.4	65.4
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. Improvement of Asia Pacific airlines was smaller than the industry average due to still muted international traffic that represented a large share of the airlines' revenues before the pandemic.
- In the initial small sample of airline financials, the global cash flow generation improved in Q2 2021 vs Q1 2021. However, cash flow of Asia Pacific airlines remained negative.

Airline operating (EBIT) margins*

<i>% revenues</i>	2019	2020	2021Q1	2021Q2
Asia Pacific	4.7	-27	-44	-34
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
Asia Pacific	-19	-30	-17	-39
Industry	-7	-21	32	19

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

Jet aircraft deliveries made & scheduled

- As of September 2021, the number of aircraft deliveries scheduled for 2021 by airlines based in the Asia Pacific region is expected to be 26% below 2019 levels.

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

deliveries made & due

