

State of the Region:

North Asia

IATA Economics

February 2022

Contact: economics@iata.org



GDP growth, exchange rates, oil & jet fuel price

- The annual growth in Chinese economy slowed to 4.0% in Q4 from 4.8% in Q3. The softer outcome reflected supply chain issues, property crisis and COVID-19 outbreaks.
- The trade weighted US dollar (USD) index ended January down 0.6%. Among the key regional currencies, the TWD lost 0.5% against the USD. Other FX movements were muted.
- 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

<i>% change on a yr ago</i>	2021	Q2 2021	Q3 2021	Q4 2021
People's Republic of China	8.4	7.5	4.8	4.0
Chinese Taipei	--	7.9	3.9	--
Hong Kong (SAR), China	--	7.6	5.4	--
Emerging Asia	7.2	--	--	--
World	5.8	11.6	4.7	4.3

Exchange rates

<i>end of period, # per US\$</i>	% YTD 2022	Nov-21	Dec-21	Jan-22
US\$ broad index	-0.6%	115.0	115.8	115.1
Chinese renminbi (CNY)	0.1%	6.36	6.37	6.36
Taiwanese dollar (TWD)	-0.5%	27.8	27.7	27.8
Hong Kong dollar (HKD)	0%	7.80	7.80	7.80
Mongolian tugrik (MNT)	-0.2%	2863	2860	2867

Oil and fuel price

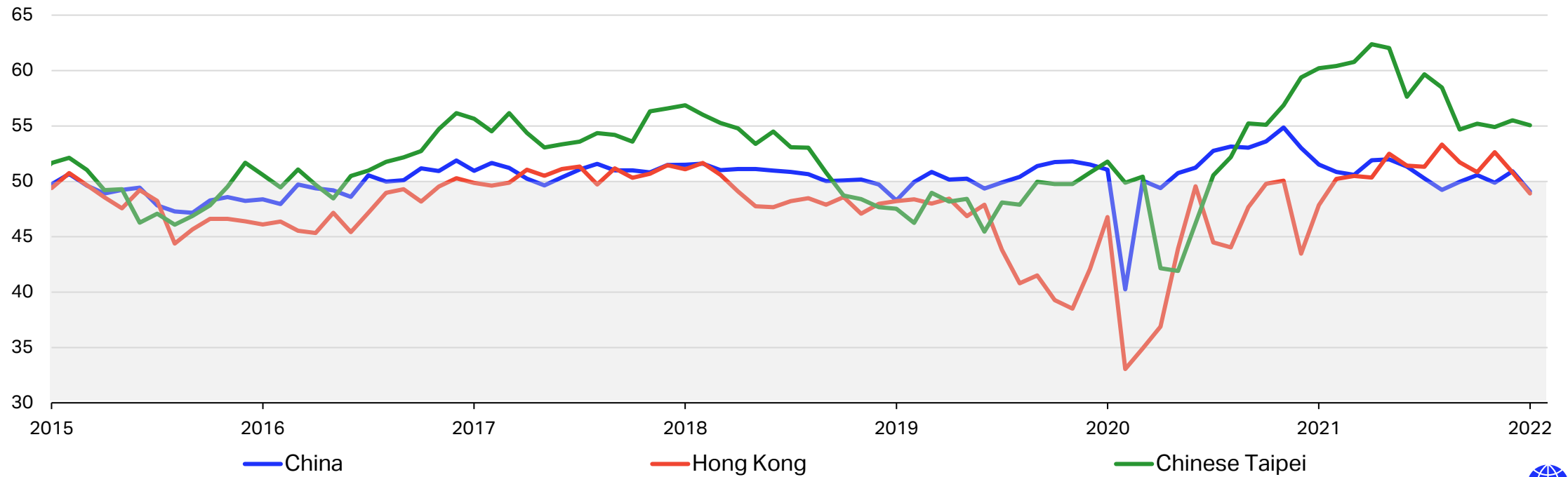
<i>US\$/barrel (period ave.)</i>	2021	Nov-21	Dec-21	Jan-22
Crude oil (Brent)	70.9	80.9	74.7	85.6
Jet fuel	77.7	91.8	87.1	100.9

Purchasing Managers' Index

- The results from the latest PMI survey for January indicate that the manufacturing sector remained in a good shape in Chinese Taipei. However, supply chain constraints pose a challenge for further improvements there. The PMI metric fell below 50 in China and Hong Kong, meaning that the majority of survey respondents reported a deterioration versus December. The softer results can be attributed to the resurgence of COVID-19 in the area and the resulting restrictions.

Purchasing Managers' Index - Manufacturing

50=no change, seasonally adjusted



Passenger market

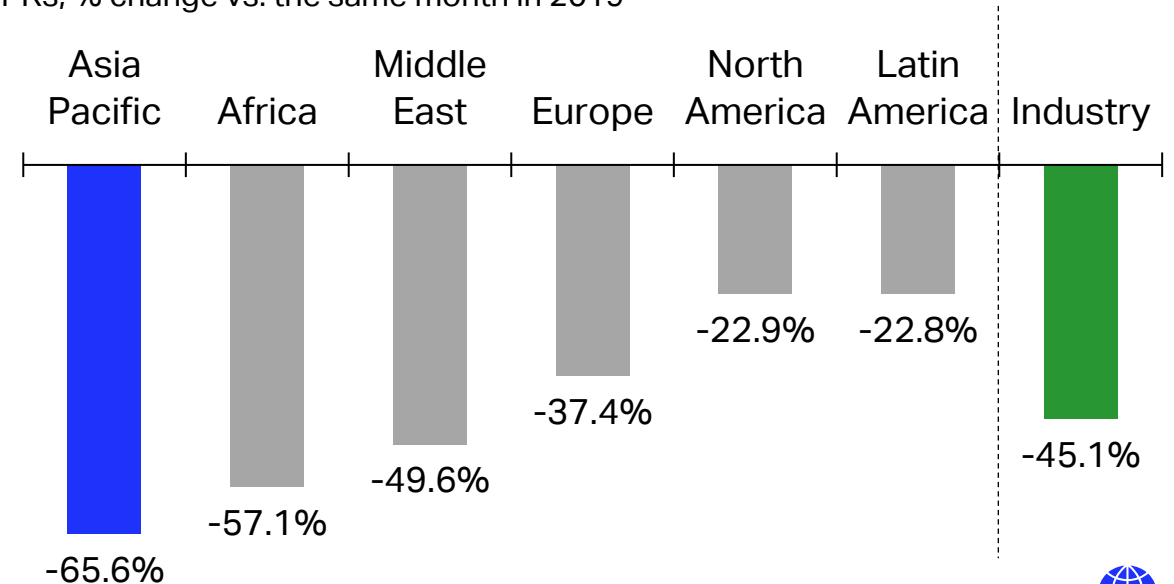
- Global air travel recovery continued in December since strong demand over the holiday season helped to offset Omicron-related disruptions. Industry-wide revenue passenger-kilometres (RPKs) fell by 45.1% versus December 2019 and by 58.4% in 2021 overall compared with 2019 – a slight improvement on a 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 after a 69.9% decline 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)

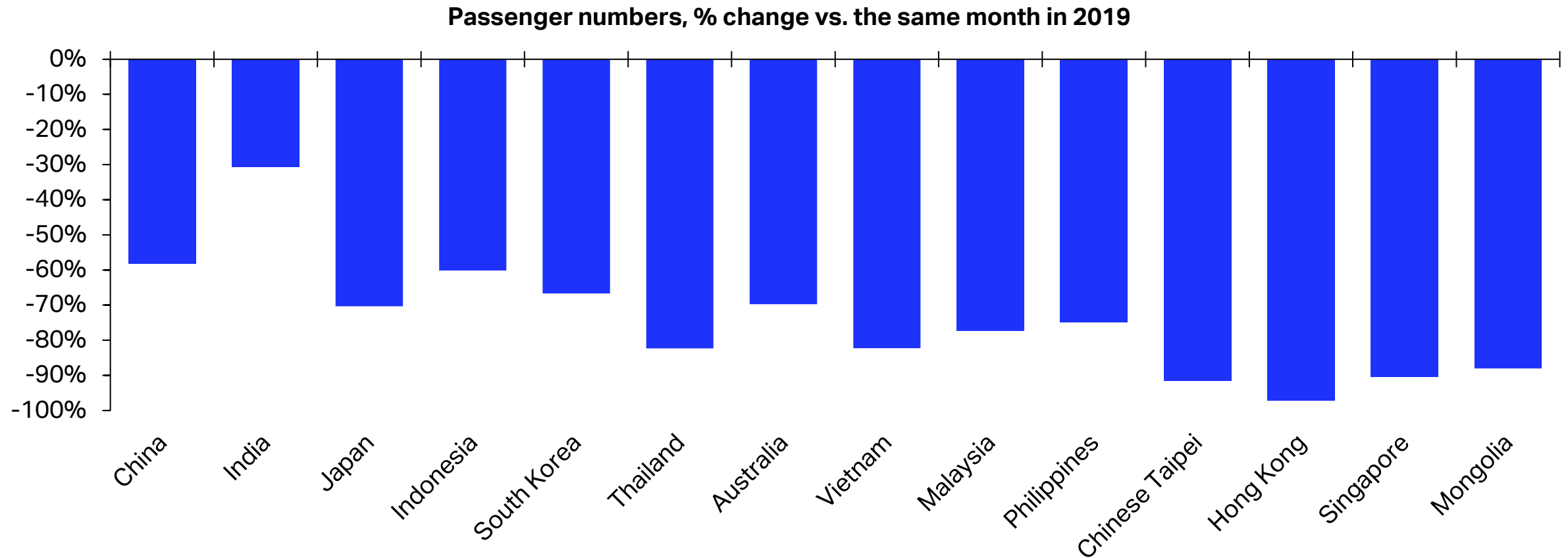
% ch vs. the same period in 2019	2021	Oct-21	Nov-21	Dec-21
Region (registration basis)				
Asia Pacific	-66.9	-65.8	-69.9	-65.6
World	-58.4	-48.9	-47.0	-45.1
Routes (segment basis)				
China domestic	-24.4	-25.7	-50.9	-39.6
Asia - Europe	-88.8	-86.2	-83.4	-78.8
Within Asia	-97.2	-97.0	-96.1	-94.6
Asia - Nth America	-89.8	-89.3	-85.7	-83.0
Asia - Middle East	-78.1	-71.6	-66.8	-63.8
Asia - S/w Pacific	-97.1	-97.7	-95.8	-92.2
Asia - Africa	-91.9	-91.9	-92.4	-93.1

Growth in passenger volumes (RPKs), by region

RPKs, % change vs. the same month in 2019



Passenger traffic by country – December 2021



Air cargo market

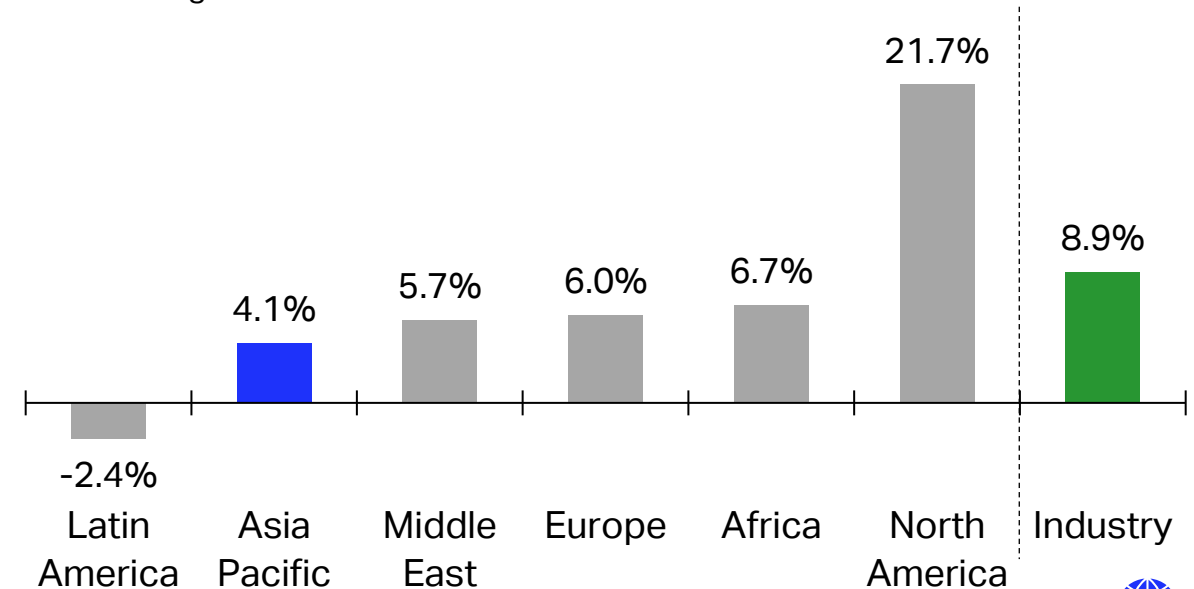
- Air cargo ended the year on a strong note, with cargo tonne-kilometres (CTKs) up 8.9% versus December 2019. In 2021 overall, air cargo volumes rose by a robust 6.9% versus 2019. The growth throughout the year was supported by increased demand for air cargo services during the global inventory restocking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

Cargo tonne-kilometres (CTKs)

<i>% ch vs. the same period in 2019</i>	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
Asia - S/w Pacific	-29.4	-26.9	-22.5	-24.9
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



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, Asia Pacific ACTKs declined by 13.2% in December and by 18% in full year 2021 compared with the equivalent period in 2019.

Capacity growth and load factors

<i>ASK/ACTK: %ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		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.

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. The subgroup of Chinese carriers is expected to obtain 33% more aircraft deliveries this year.

Aircraft deliveries to China & the Asia Pacific

deliveries made & due

