

# State of the Region:

## North Asia

**IATA Economics**

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# GDP growth, exchange rates, oil & jet fuel price

- The trade-weighted US dollar (USD) index started 2022 on a soft note. After seven consecutive months of growth between June and December 2021, it fell by 0.6% in January and moved sideways in February. The February developments can be partly attributed to the US announcement about economic sanctions on Russia. Among the key regional currencies, the CNY rose by 0.8% against the USD in February while the TWD and MNT lost 0.8%.
- Jet fuel prices continue to rise amid sanctions on Russian oil and gas. The jet fuel crack spread is also increasing as some refineries switch from jet fuel to diesel due to the lack of supply of Ultra Low Sulfur Diesel (ULSD) from Russia.

## 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	6.4	7.8	4.5	4.5
Hong Kong (SAR), China	6.4	7.6	5.5	4.8
Emerging Asia	7.2	--	--	--
<b>World</b>	<b>5.8</b>	<b>11.6</b>	<b>4.7</b>	<b>4.3</b>

## Exchange rates

<i>end of period, # per US\$</i>	% YTD 2022	Dec-21	Jan-22	Feb-22
US\$ broad index	-0.7%	115.8	115.1	115.0
Chinese renminbi (CNY)	1%	6.37	6.36	6.31
Taiwanese dollar (TWD)	-1.3%	27.7	27.8	28.0
Hong Kong dollar (HKD)	-0.2%	7.80	7.80	7.81
Mongolian tugrik (MNT)	-1%	2860	2867	2890

## Oil and fuel price

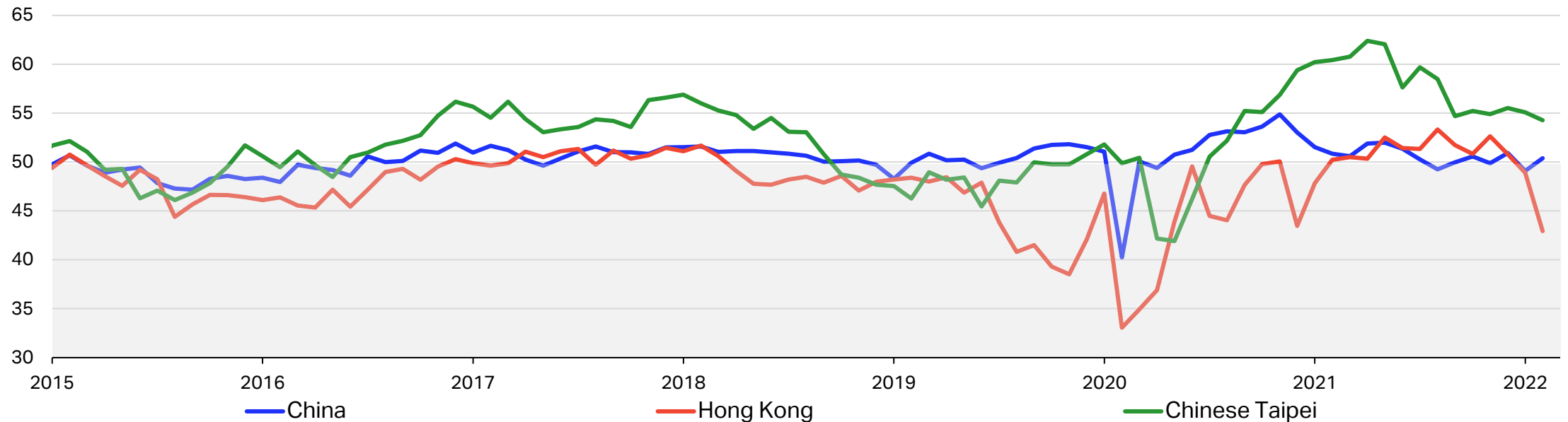
<i>US\$/barrel (period ave.)</i>	2021	Dec-21	Jan-22	Feb-22
Crude oil (Brent)	70.9	74.7	85.6	94.3
Jet fuel	77.7	87.1	100.9	110.0

# Purchasing Managers' Index

- The manufacturing PMIs in North Asia showed mixed results in February. In Chinese Taipei, the metric eased slightly for the second consecutive month due to lasting supply chains issues, although it remains elevated. The PMI in China bounced back into expansionary territory, supported by rising domestic demand and output despite new COVID outbreaks. Hong Kong was the main underperformer with manufacturing PMI falling to the lowest level since April 2020 amid new restrictions introduced to limit COVID-19 spread.

## Purchasing Managers' Index - Manufacturing

50=no change, seasonally adjusted



# Passenger market

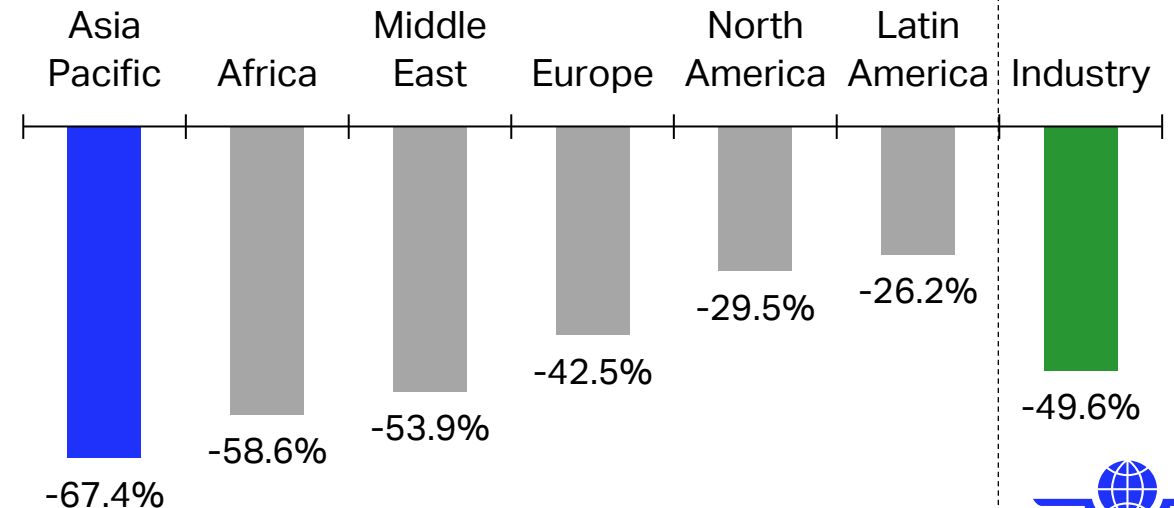
- Global air travel started the year on a soft note. It was negatively impacted by the Omicron wave that led to thousands of flight cancellations and weighed on peoples' willingness to travel. Industry-wide revenue passenger-kilometers (RPK) fell by 49.6% in January 2022 versus January 2019, after a 45.2% decline in December 2021 versus December 2019. Month-on-month change was negative at -4.9%.
- The negative impact of Omicron on air travel was broad-based across all regions. Asia Pacific airlines reported a 67.4% RPK decline in January after a 65.6% fall in December (both vs. the same month in 2019). The rate of decline versus 2019 in China domestic RPKs eased slightly between December and January from -39.6% to -38.2%. Increased demand ahead of the Chinese New Year helped to offset the negative impact of strict travel restrictions that follow any sporadic COVID outbreak in the country.

## Revenue passenger-kilometres (RPKs)

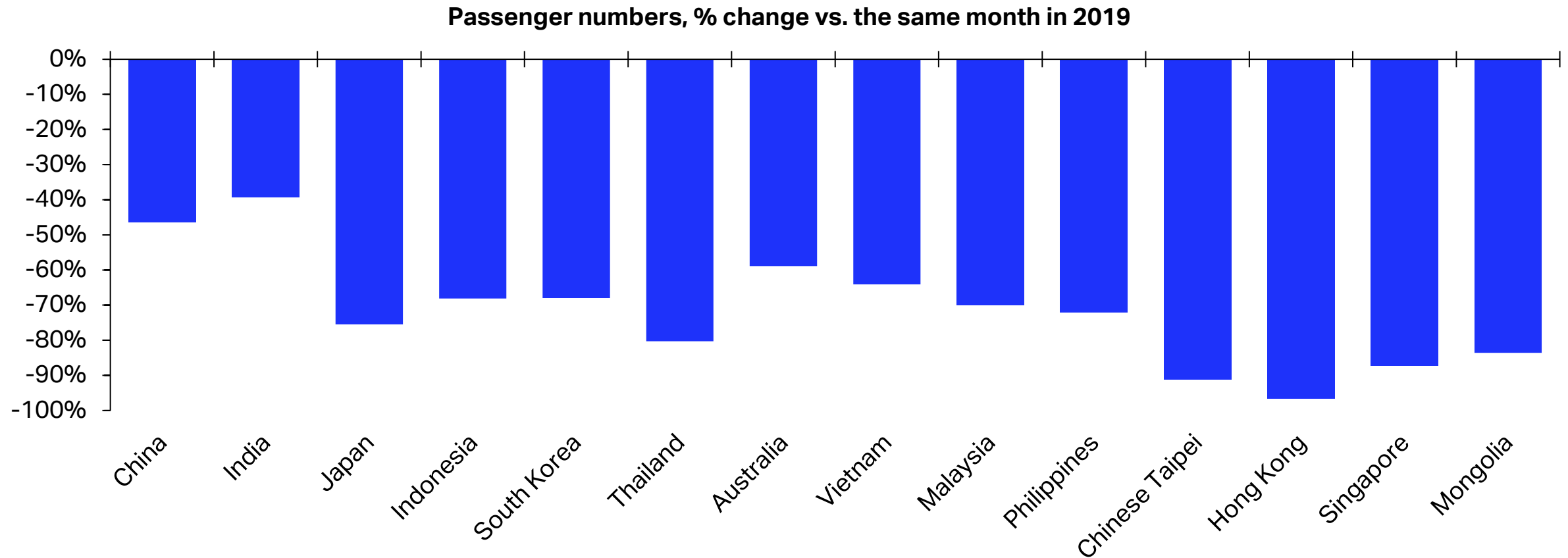
% ch vs. the same period in 2019	2021	Nov-21	Dec-21	Jan-22
<b>Region (registration basis)</b>				
Asia Pacific	-66.9	-70.0	-65.6	-67.4
World	-58.4	-46.9	-45.2	-49.6
<b>Routes (segment basis)</b>				
China domestic	-24.4	-50.9	-39.6	-38.2
Asia - Europe	-88.8	-83.4	-78.8	-80.8
Within Asia	-97.2	-96.1	-94.8	-95.3
Asia - Nth America	-89.8	-85.7	-83.0	-85.9
Asia - Middle East	-78.0	-66.8	-63.7	-64.6
Asia - S/w Pacific	-97.1	-95.8	-92.2	-92.5
Asia - Africa	-91.9	-92.4	-93.8	-95.2

## Growth in passenger volumes (RPKs), by region

RPKs, % change vs. the same month in 2019

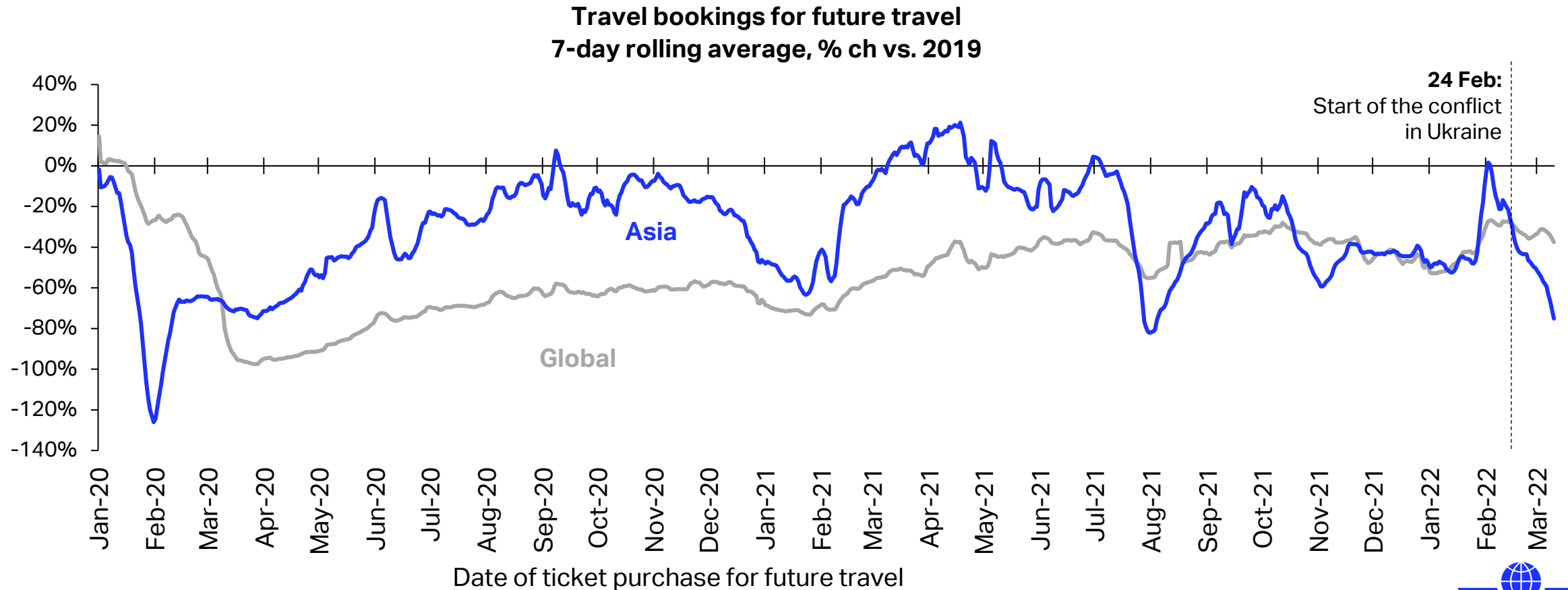


# Passenger traffic by country – January 2022



# Passenger bookings for future travel

- Improving pandemic developments globally bode well for the air travel recovery in 2022, though the geopolitical issues in Eastern Europe combined with rising inflationary pressures will negatively impact some markets. Bookings for future travel to, from and within Asia have been trending down since mid-February, largely due to deterioration in China domestic market.



# Air cargo market

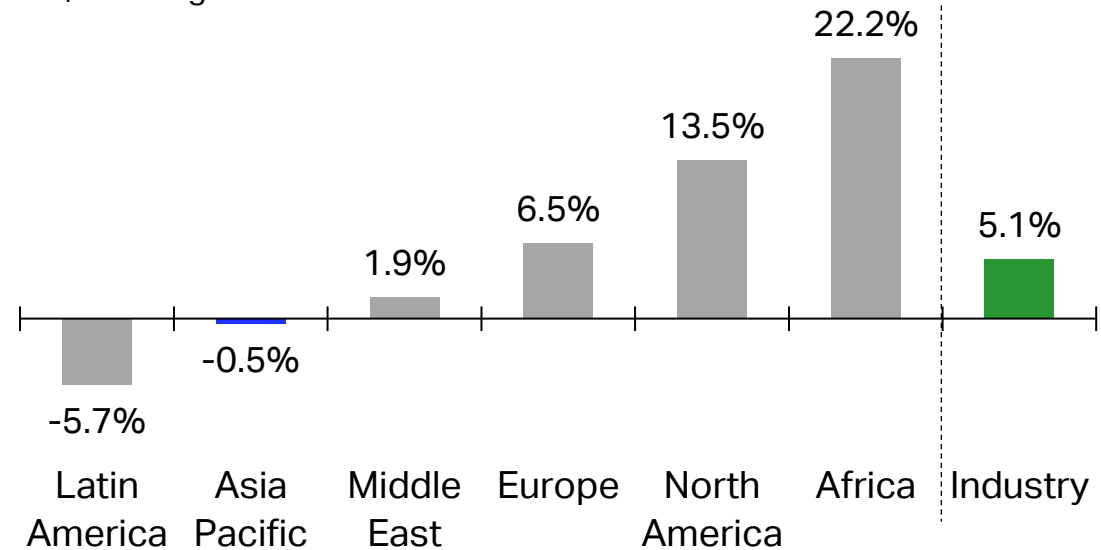
- Air cargo was also negatively impacted by the Omicron effects in January. Industry-wide cargo tonne-kilometres rose by 5.1% compared with January 2019 – a marked slowdown from December when the rise was 9.8%. The weaker result was partly driven by passenger-flight cancellations that reduced still limited belly-hold cargo capacity.
- CTKs of airlines in Asia Pacific fell by 0.5% compared with pre-crisis levels, a deterioration from a 6.3% expansion in December. Traffic growth on the large Asia-North America and Asia-Middle East trade lanes slowed sharply in January with seasonally adjusted CTK declines of 5.0% and 3.0% respectively, in January versus December.
- The conflict in Eastern Europe is creating significant fresh challenges, notably in air cargo rates and capacity as well as economic activity. Russia accounted for 2.5% of global total dedicated cargo flights in 2021 according to data provided by FlightRadar24. The importance of these flights for global heavy-weight cargo is significant, and the corresponding capacity will be difficult to replace.

## Cargo tonne-kilometres (CTKs)

% ch vs. the same period in 2019	2021	Nov-21	Dec-21	Jan-22
<b>Region (registration basis)</b>				
Asia Pacific	0.4	1.2	6.3	-0.5
World	7.0	4.2	9.8	5.1
<b>Routes (segment basis)</b>				
Asia - Europe	6.2	2.9	10.6	9.1
Asia - Nth America	28.6	24.0	30.2	22.2
Within Asia	-3.1	-3.0	-0.8	-3.8
Asia - Middle East	17.3	8.1	11.7	12.4
Asia - S/w Pacific	-29.2	-22.2	-24.3	-29.3
Asia - Africa	34.8	15.2	27.3	40.9

## Growth in cargo volumes (CTKs), by region

CTKs, % change vs. the same month in 2019



# Capacity growth & load factors

- The recovery in global seat capacity stalled at the start of the year as airlines cancelled thousands of flights in response to the Omicron outbreak. Industry-wide available seat-kilometres (ASKs) contracted by 37.7% between January 2022 and January 2019, after a 37.5% fall in December 2021 versus December 2019. The pause in ASK recovery was broad-based across all regions apart from Latin America where seasonally adjusted ASKs rose 2.5% month-on-month.
- The cancellation of passenger flights due to Omicron disruptions resulted in a renewed squeeze in belly-hold cargo capacity. Industry-wide available cargo tonne-kilometres (ACTKs) fell by 8.9% in January compared with pre-crisis levels – more than double the rate of decline seen in December. The deterioration was widespread across all regions but Africa.

## Capacity growth and load factors

<i>ASK/ACTK: %ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		2021	Nov-21	Dec-21	Jan-22
<b>Passenger</b>					
Asia Pacific	ASK	-56.8	-59.3	-55.0	-53.9
	PLF	62.6	60.1	62.3	57.6
World	ASK	-48.8	-39.9	-37.5	-37.7
	PLF	67.2	71.5	72.0	64.5
<b>Cargo</b>					
Asia Pacific	ACTK	-18.0	-15.8	-12.4	-17.6
	CLF	64.1	65.6	64.1	60.9
World	ACTK	-10.8	-7.3	-4.2	-8.9
	CLF	56.1	56.0	54.4	54.1

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



# Jet aircraft deliveries made & scheduled

- As of March 2022, Asia Pacific airlines are scheduled to receive 36% more aircraft deliveries in 2022 compared with 2021. The subgroup of Chinese carriers is expected to obtain 30% more aircraft deliveries this year.

## Aircraft deliveries to China & the Asia Pacific

# deliveries made & due

