

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 index rose by 0.3% in August. Amongst the key regional currencies, the TWD gained 0.9% against the US\$ followed by the MNT that rose by 0.5%. Other FX movements were muted.
- Brent crude oil and jet fuel prices ticked down in August amidst increased oil supply and concerns about the impact of the Delta variant.

GDP growth

<i>% change on a yr ago</i>	2020	Q4 2020	Q1 2021	Q2 2021
People's Republic of China	2.0	6.5	18.3	7.8
Chinese Taipei	3.1	4.9	8.7	8.4
Hong Kong (SAR), China	-6.1	-2.8	8.0	7.6
Mongolia	-5.4	-0.9	15.5	--
Emerging Asia	-1.0	--	--	--
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
Chinese renminbi (CNY)	6.52	6.46	6.46	6.46
Taiwanese dollar (TWD)	28.1	27.9	28.0	27.7
Hong Kong dollar (HKD)	7.75	7.77	7.77	7.78
Mongolian tughrik (MNT)	2855	2858	2863	2850

Oil and fuel price

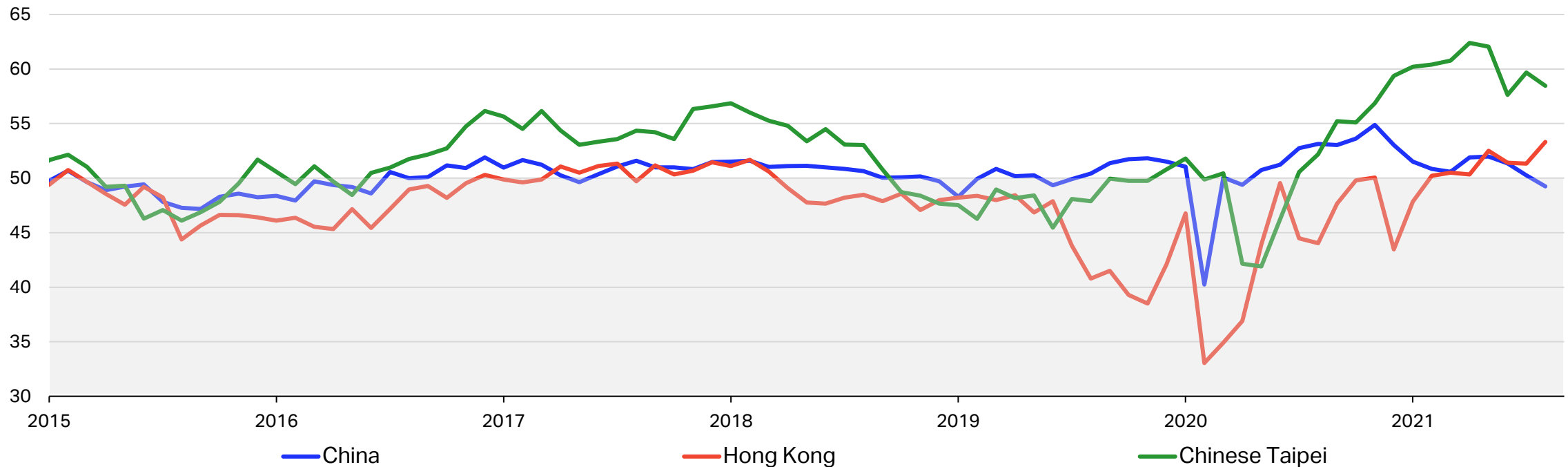
<i>US\$/barrel (period ave.)</i>	2020	Jun-21	Jul-21	Aug-21
Crude oil (Brent)	43.4	73.5	74.4	70.6
Jet fuel	46.3	77.6	79.5	76.9

Business confidence

- Operating conditions in the manufacturing sector deteriorated in China in August amidst the resurgence of COVID-19. The pandemic situation stabilized in Hong Kong, which contributed to improving business environment there. In Chinese Taipei, the manufacturing PMI ticked down amidst severe supply chain congestion but remained firmly in the territory associated with expansion.

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 vs. July 2019. The traffic recovery remains adversely impacted by strict international travel restrictions in the region. Contraction in China domestic RPKs eased to -2.5% as some of the domestic restrictions were lifted.

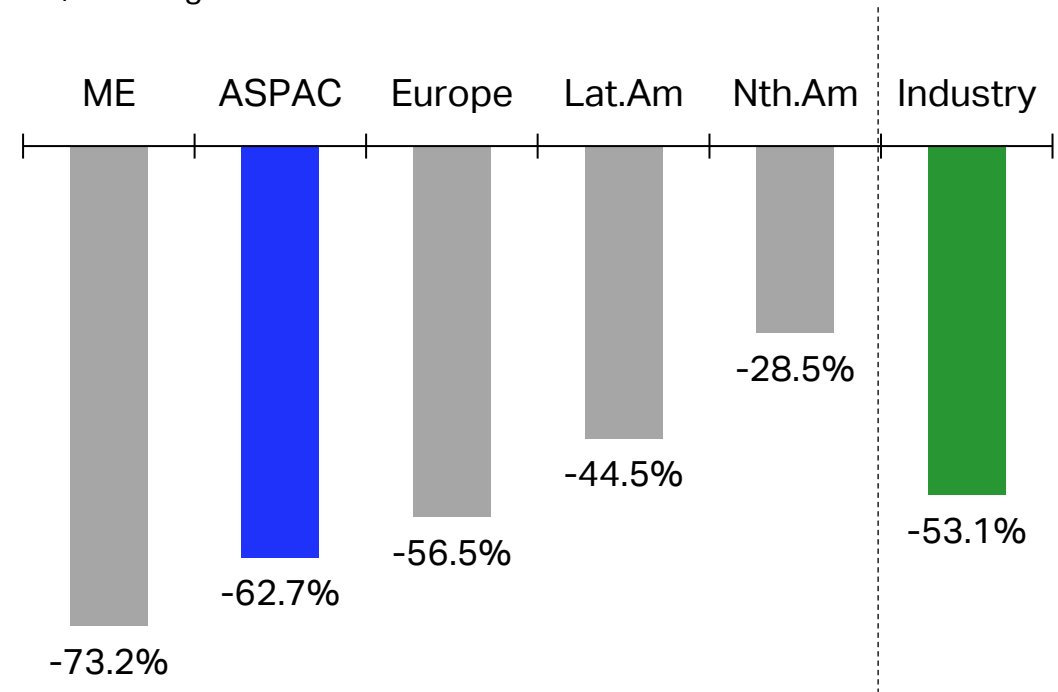
Revenue passenger kilometers (RPKs)

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	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)				
China domestic	-30.8	6.3	-10.8	-2.5
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
Asia - S/w Pacific	-79.4	-97.7	-97.6	-97.3
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.

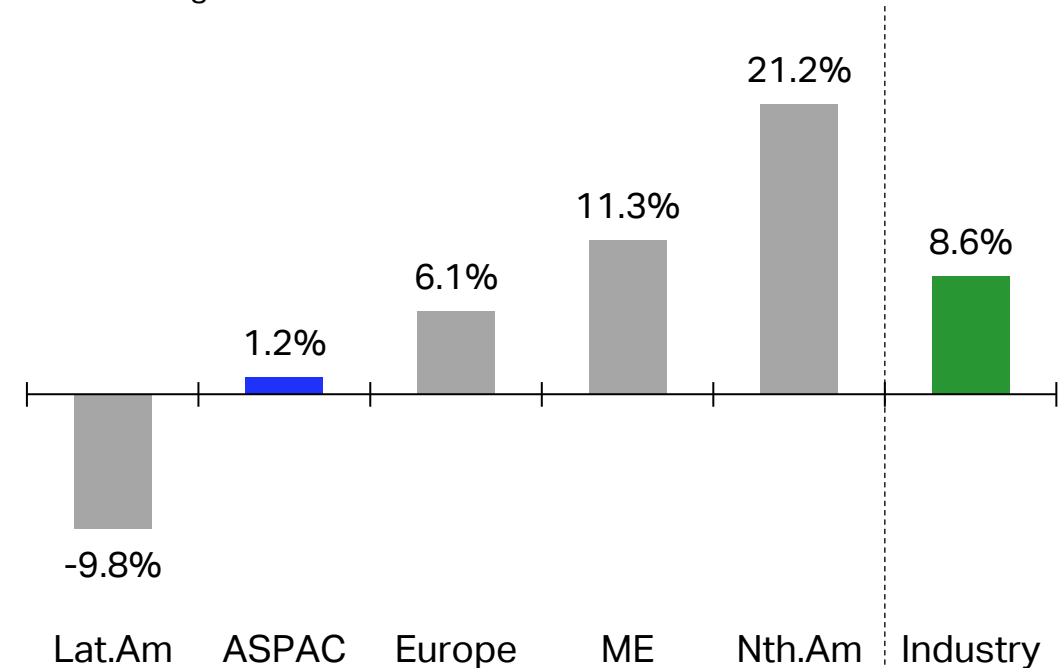
Cargo tonne kilometers (CTKs)

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	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
Asia - S/w Pacific	-30.4	-34.9	-26.5	-26.7
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, aircraft deliveries scheduled by Asia Pacific airlines are expected to increase by 39% vs. 2020 but should remain 26% below deliveries in 2019. Chinese carriers should receive 31% more deliveries vs 2021 but 25% fewer than in 2019.

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

deliveries made & due

