State of the Region:

The Americas

IATA Economics

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GDP growth, exchange rates, oil & jet fuel price

- GDP annual growth rate slowed between Q3 and Q4 across most countries in the Americas region, partly due to fading low base effects from the pandemic. The US was an exception, reporting a 0.7 percentage point faster growth thanks to booming investment into inventories.
- 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. The BRL was the main mover in the region, gaining 3% against the USD.
- 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

% change on a year ago	2021	Q2 2021	Q3 2021	Q4 2021
United States	5.7	12.2	4.9	5.6
Brazil	4.6	12.3	4.0	1.6
Mexico	5.0	19.6	4.6	1.1
Canada	4.6	11.7	3.8	3.3
Argentina	--	17.9	11.9	--
Colombia	10.6	18.1	13.5	10.8
Chile	11.9	18.2	17.2	11.8
Peru	13.3	41.9	11.4	3.2
Latin America	6.6	16.9	7.0	3.3
World	**5.8**	**11.6**	**4.7**	**4.3**

Exchange rates

end of period, # per US$	%YTD 2022	Dec-21	Jan-22	Feb-22
US$ broad index	-0.7%	115.8	115.1	115.0
Brazilian real (BRL)	7.5%	5.57	5.31	5.15
Mexican peso (MXN)	0.2%	20.5	20.6	20.4
Argentine peso (ARS)	-4.6%	102.7	105.0	107.4
Colombian peso (COP)	4.2%	4070	3942	3900
Chilean peso (CLP)	6.7%	852	799	795

Oil and fuel price

US$/barrel (period ave.)	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

Source: Refinitiv Eikon, S&P Platts

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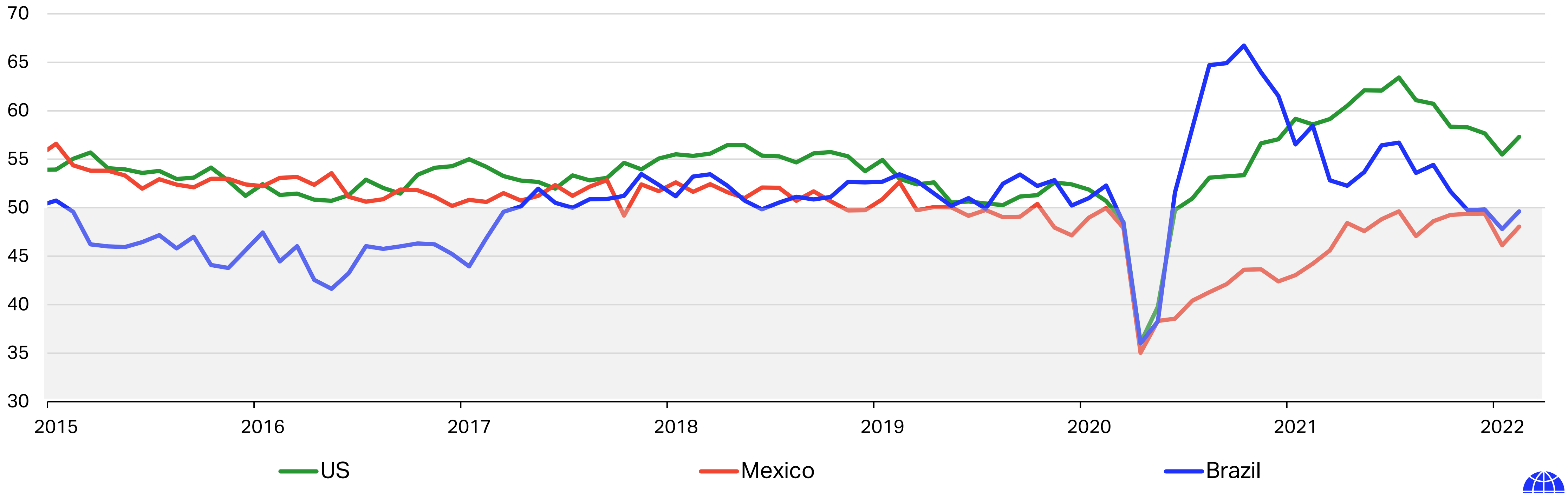
Purchasing Managers' Index

- The manufacturing PMIs ticked up in February across the three markets that we track for the Americas region, disrupting the downward or sideways trend observed in the previous six months. The improvement has been largely driven by the recovery of the manufacturing sectors from the negative Omicron effects in January. That said, the production in all countries remains negatively impacted by global supply chain congestion.

Purchasing Managers' Index - Manufacturing

50=no change, seasonally adjusted



 Source: Markit

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 RPK change was negative at -4.9%.

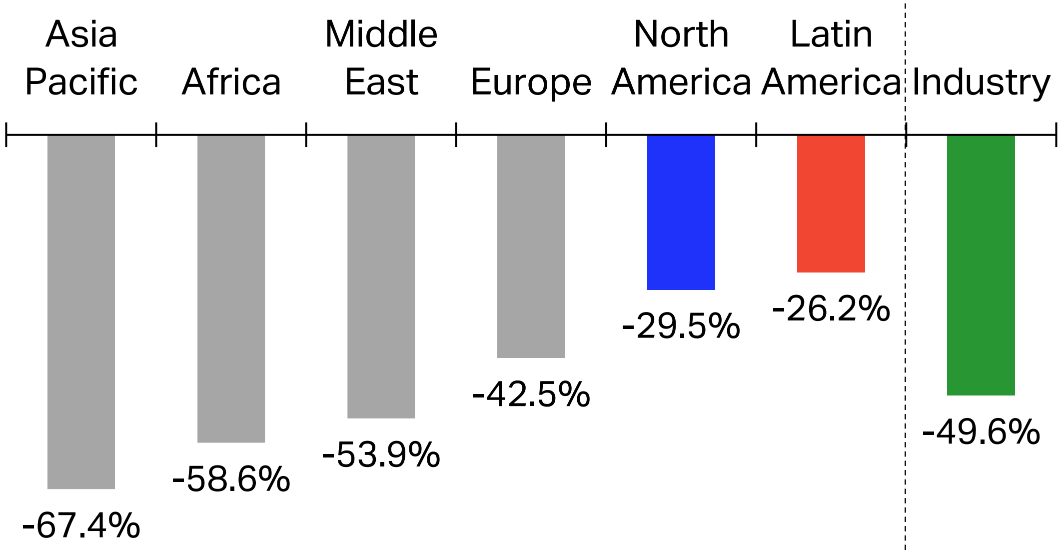
- The negative impact of Omicron on air travel was broad-based across all regions. North American airlines reported a 29.5% RPK decline in January after a 22.4% fall in December (both vs. the same month in 2019). The traffic in the US was also disrupted by a complicated 5G rollout and by heavy snowstorms that led to additional flight cancellations and power outages at airports. For Latin American carriers, the RPK contraction compared with 2019 accelerated from 22.8% to 26.2% between December and January.

Revenue passenger-kilometres (RPKs)

% ch vs. the same period in 2019	2021	Nov-21	Dec-21	Jan-22
Region (registration basis)				
North America	-38.9	-18.4	-22.4	-29.5
Latin America	-47.4	-27.5	-22.8	-26.2
World	-58.4	-46.9	-45.2	-49.6
Routes (segment basis)				
US domestic	-23.7	-5.5	-12.5	-18.0
Brazil domestic	-27.2	-8.5	-3.8	-6.1
North America-Europe	-72.1	-47.1	-39.3	-43.9
North America-Asia	-89.8	-85.7	-83.0	-85.9
North-South America	-51.9	-28.5	-25.6	-34.0
South America-Europe	-75.2	-51.9	-43.7	-43.5
Within South America	-88.1	-71.1	-67.5	-72.6
North-Central America	-31.5	-10.8	-10.0	-19.2

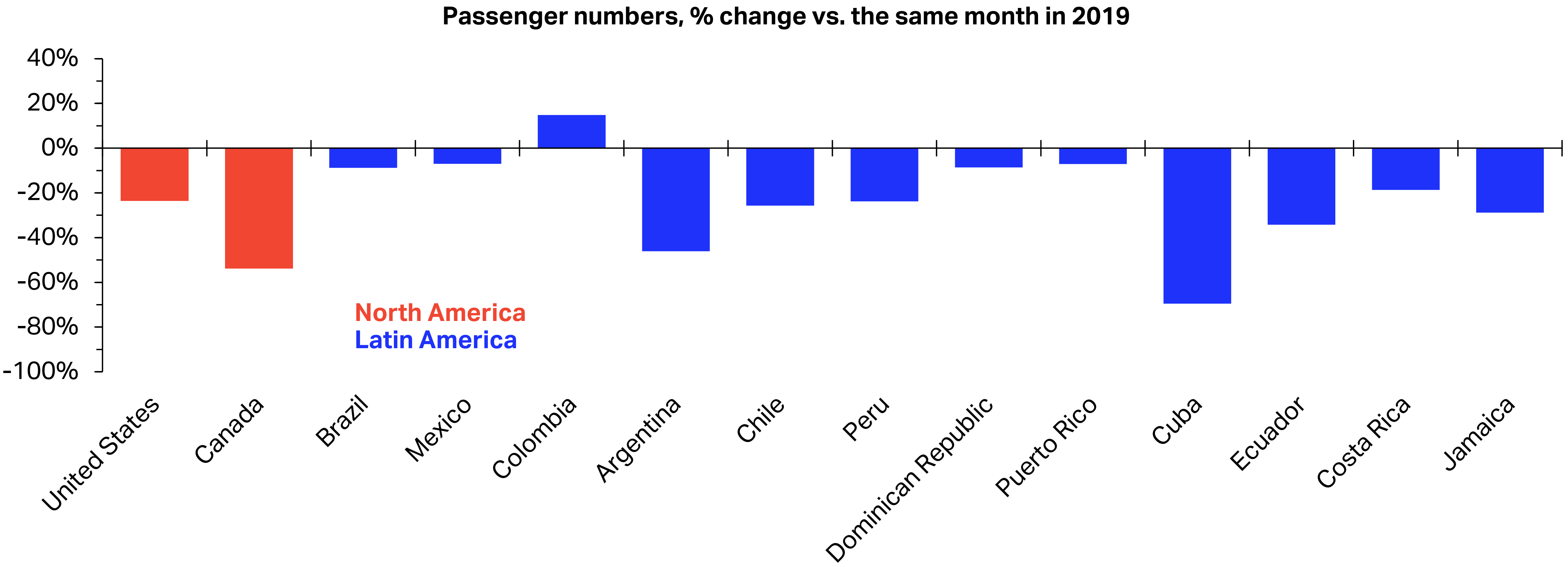
Growth in passenger volumes (RPKs), by region

RPKs, % change vs. the same month in 2019



Source: IATA Monthly Statistics

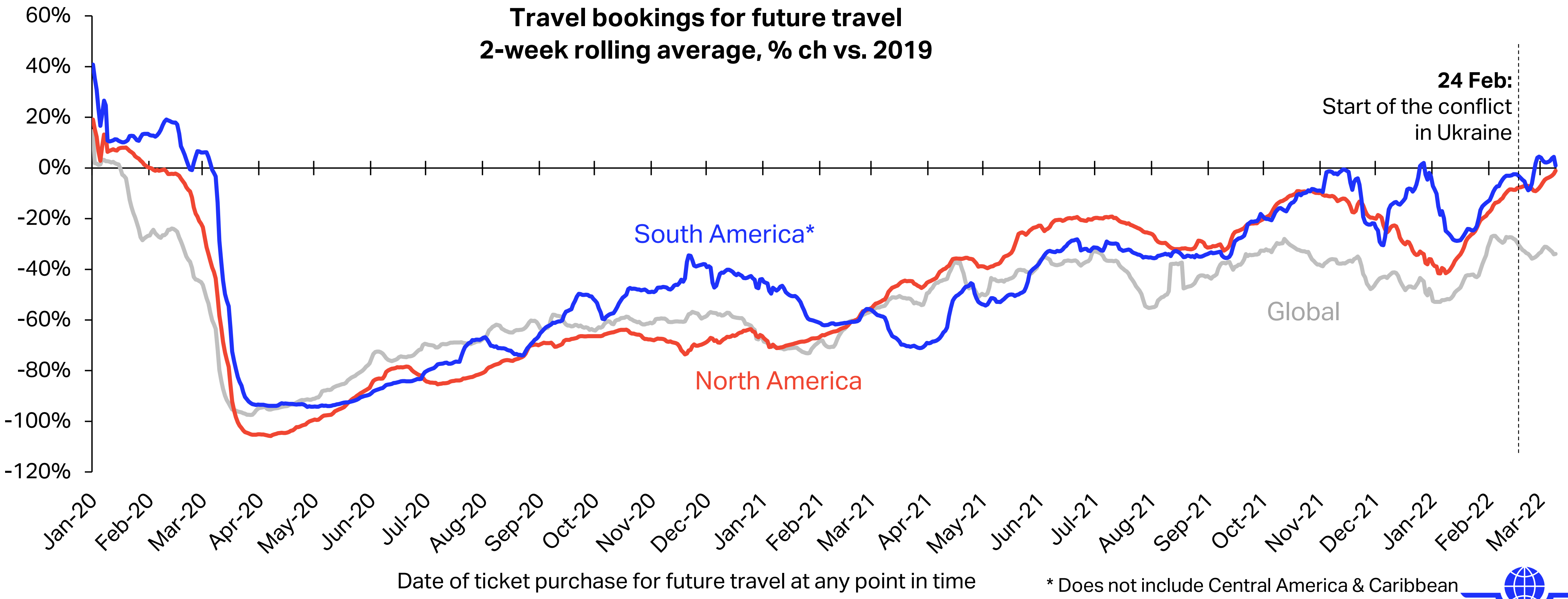
Passenger traffic by country – January 2022



Source: IATA Economics using DDS data

Passenger bookings for future travel

- Improving pandemic developments at the global level 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. For now, the bookings for future travel to, from and within the Americas region do not show any significant impact of the conflict.



* Does not include Central America & Caribbean

 Source: IATA Economics using DDS data

Air cargo market

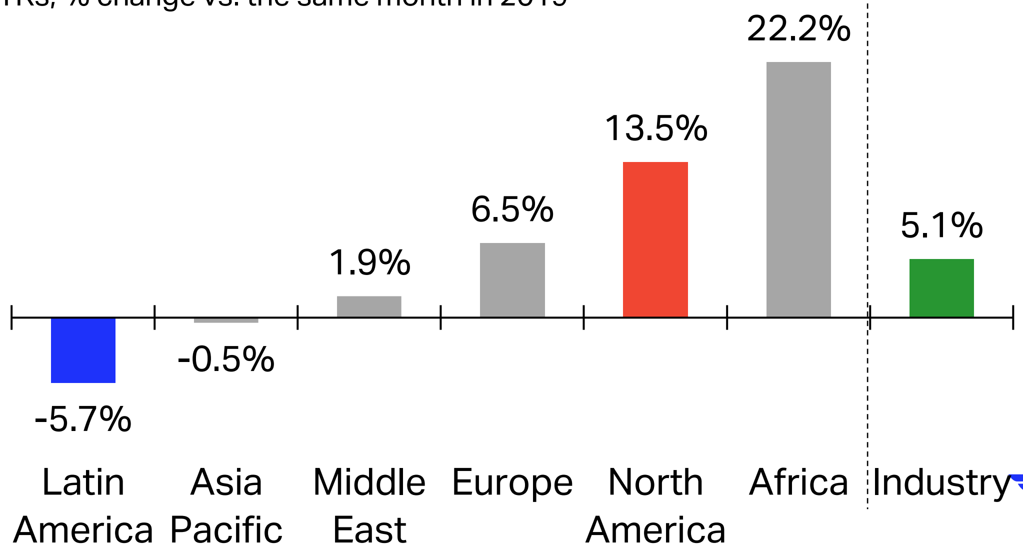
- Air cargo was also negatively impacted by the Omicron effects in January. Industry-wide cargo tonne-kilometres rose by 5.1% compared with January 2019 – a marked slowdown from December when the rise was 9.8%. The weaker result was partly driven by passenger-flight cancellations that reduced still limited belly-hold cargo capacity.
- Due to disruptions to capacity, inflation and slowdown in the manufacturing sector, growth in North American CTKs versus 2019 eased to 13.5% in January, from 22.9% in December. The same reasons contributed also to larger CTK contraction reported by Latin American airlines (-5.7% in January, -2.4% in 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
Region (registration basis)				
North America	20.0	15.6	22.9	13.5
Latin America	-15.4	-12.6	-2.4	-5.7
World	7.0	4.2	9.8	5.1
Routes (segment basis)				
North America-Asia	28.6	24.0	30.2	22.2
North America-Europe	2.0	8.6	15.6	7.5
North-South America	6.8	8.5	21.1	5.9
South America-Europe	-7.2	-10.2	-2.1	-11.0
Within South America	-37.8	-30.0	-29.8	-25.6

Growth in cargo volumes (CTKs), by region

CTKs, % change vs. the same month in 2019



Source: IATA Monthly Statistics

Capacity growth and 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, which was broadly unchanged from 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

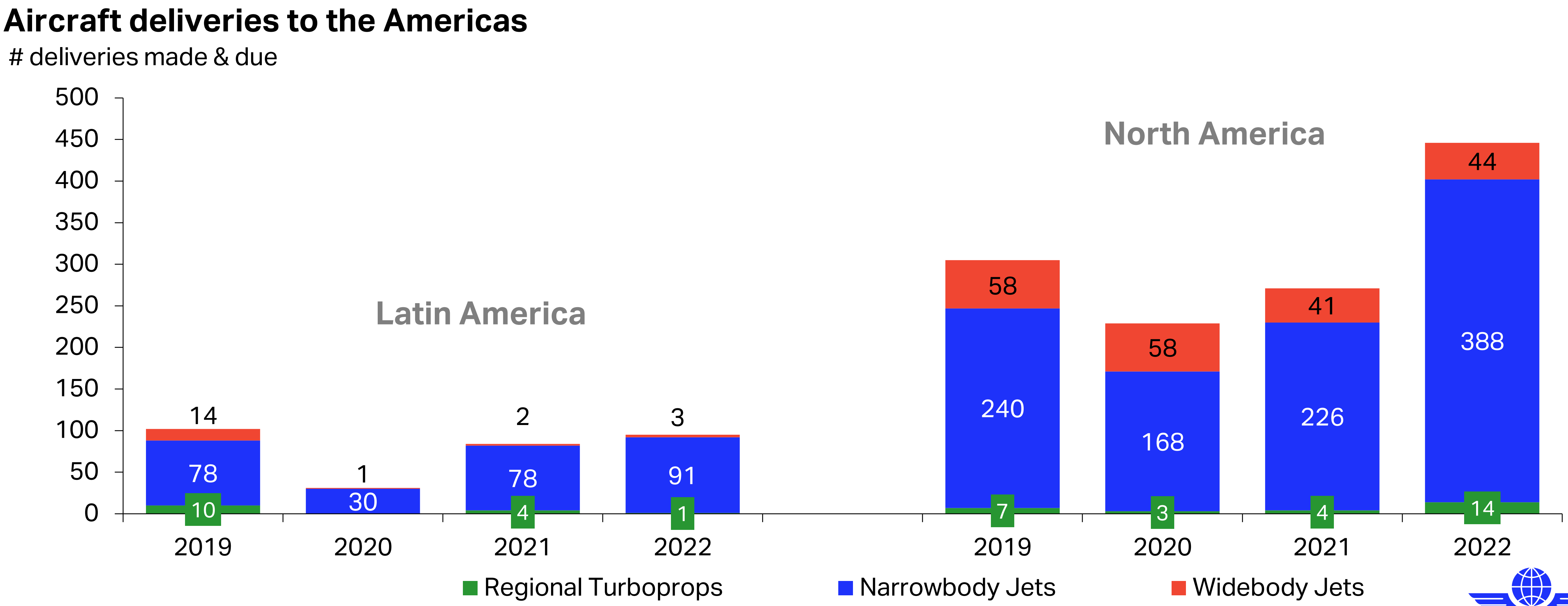
ASK/ACTK: % ch vs. the same period in 2019, LF: % of ASK/ACTK		2021	Nov-21	Dec-21	Jan-22
Passenger					
North America	ASK	-29.8	-15.4	-16.7	-15.3
	PLF	*73.8*	*78.9*	*79.6*	*66.3*
Latin America	ASK	-43.9	-27.5	-22.1	-22.3
	PLF	*77.3*	*82.2*	*81.7*	*78.2*
World	ASK	-48.8	-39.9	-37.5	-37.7
	PLF	*67.2*	*71.5*	*72.0*	*64.5*
Cargo					
North America	ACTK	4.2	7.6	11.6	6.5
	CLF	*45.5*	*44.7*	*43.2*	*47.4*
Latin America	ACTK	-32.6	-24.3	-26.9	-28.9
	CLF	*44.1*	*44.7*	*41.3*	*41.7*
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.

Source: IATA Monthly Statistics

Jet aircraft deliveries made & scheduled

- As of March 2022, Latin American airlines are scheduled to receive 18% more aircraft deliveries in 2022 compared with 2021, while North American carriers are expected to obtain 62% more aircraft deliveries over the same period.



Source: Cirium Fleet Analyzer