

Asia Pacific Aviation Nowcast

Nowcast #98: High Frequency travel trends tracker: Chinese New Year special edition

Industry Overview

Real time tracking Asian travel trends

Our 98th Nowcast shows high frequency travel trends across Asia. Chinese New Year air traffic was 18% above 2019 levels ahead of original CAAC expectations at +10%, while domestic ticket prices at +13% above 2019 levels was broadly in-line with expectations. International continues to lag both around traffic (76% of normal) and pricing (at or below 2019 levels) given overcapacity in short haul.

China domestic: Both demand and pricing above 2019

Chinese air traffic trended at 18% above 2019 during the CNY period ahead of CAAC expectations of +10%. Chinese domestic air travel spending averaged 40% above 2019 levels in 1H February with domestic yields 13% above 2019 levels and seat loads reaching 84% with checks suggesting even stronger pricing trends during the peak CNY period. Travel demand looks robust for the coming weeks supported by return to work/school, but off-peak season from March could see more muted revenue trends with ongoing headwinds to business travel (macro, online meetings).

China international: Greater short haul mix impacts pricing

Chinese international continues to underwhelm with 1H February Chinese international air travel spending trending at 66% of pre-COVID levels with traffic and yields at 76%/88% of 2019 levels. Thailand saw strong demand during CNY period while visa issues and ground handling are still somewhat constraining Japan/Korea demand. Data suggest that long haul ticket prices are elevated relative to 2019 levels given constrained supply, but short haul ticket pricing is a bit muted over patchy demand given Chinese macro. Slots, ground handling capabilities, and pilots remain the key bottlenecks to further international recovery.

Japan: Outbound to drive the recovery into FY3/25

January / February off-peak demand is coming in-line with expectations. Leisure is supporting strong Shinkansen weekend traffic, while it is unclear how much more recovery is coming for domestic business travel. Japanese international traffic is supported by inbound and transit for now, but Japanese airlines are hopeful for further recovery in business outbound from next fiscal year as new budgets get allocated.

Long haul: Price stays elevated when supply restores

Long haul airfares appear to be holding at elevated levels helped by China-US flight restrictions and Russian airspace constraints. CX ticket prices are high but are gradually normalizing on transpacific given new flight additions since November. Taiwan January yields remained at elevated levels above 2019.

19 February 2024

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Glossary

CAAC: Civil Aviation Administration of China
CNY: Chinese New Year
CX: Cathay Pacific

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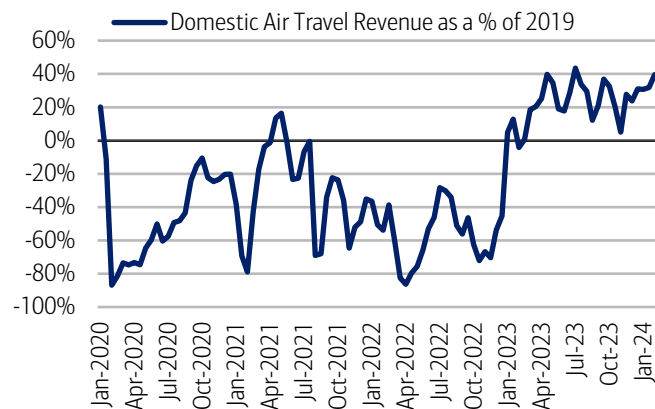
Timestamp: 19 February 2024 08:19AM EST

Chinese air travel trends – January 2024

Domestic Rev +40%, Traffic +23%, Yield +13% of 2019

Exhibit 1: China domestic air travel revenue as a % of 2019

1H Feb industry revenue exceeded 2019 levels by +40%, +31% for entire Jan

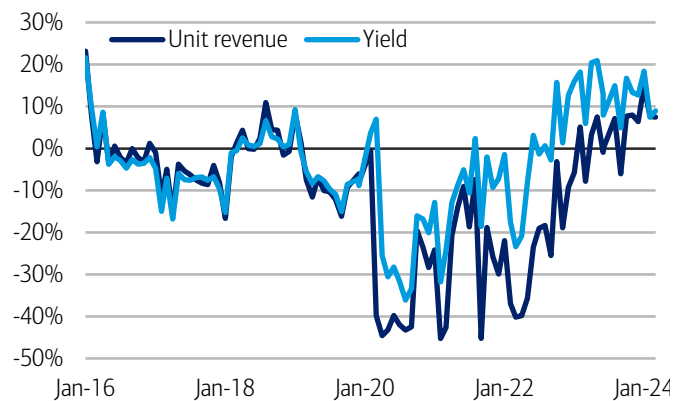


Source: ESI, BofA Global Research

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Exhibit 3: Chinese Big 3 domestic yield & unit revenue growth vs 2019

Unit revenue at 107% and yield at 109% of 2019 levels in February

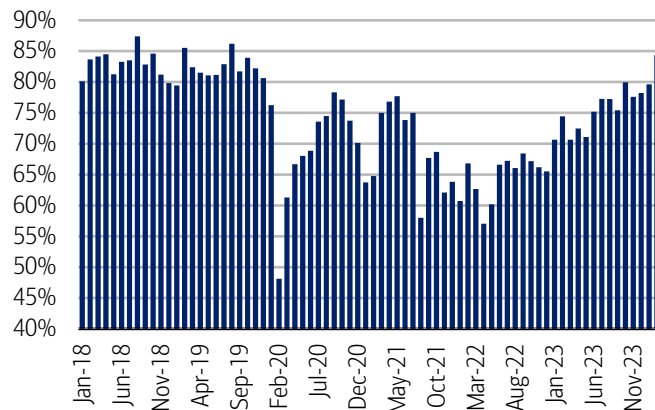


Source: ESI, BofA Global Research

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Exhibit 5: Big 3 Chinese airlines – domestic seat load factors (%)

Domestic seat loads further improves to 84.4% in Feb, up from 79.6% in Jan

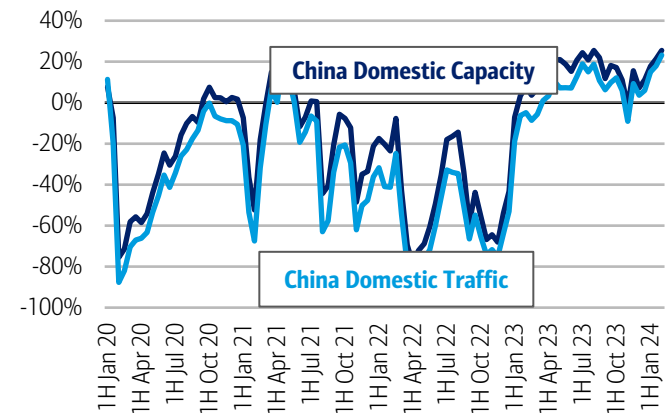


Source: ESI, BofA Global Research

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Exhibit 2: Chinese domestic air traffic and capacity growth vs 2019

Domestic air traffic at 123% and supply at 126% of normal in 1H Feb

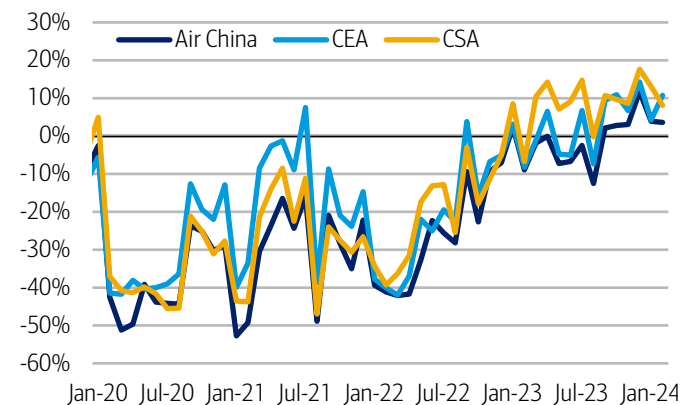


Source: ESI, BofA Global Research. Data from 1H January 2020

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Exhibit 4: Chinese Big 3 airlines unit revenue (RASK) growth vs 2019

Unit revenue is 104-111% of 2019 levels for the Big 3 airlines in January

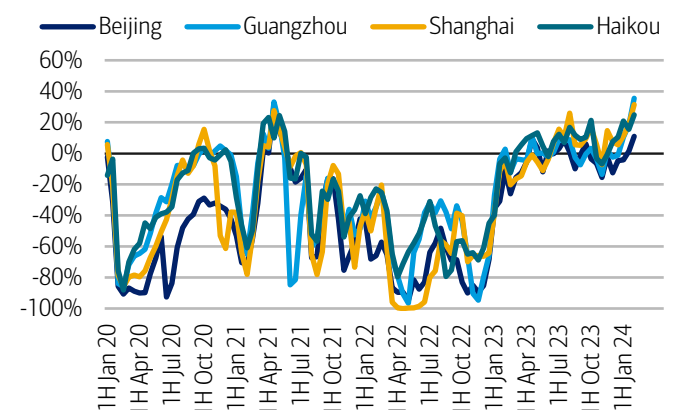


Source: ESI, BofA Global Research

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Exhibit 6: Chinese airports domestic traffic growth vs 2019

SHIA and GBIA led traffic recovery at 30%+ higher than 2019 in 1H Feb



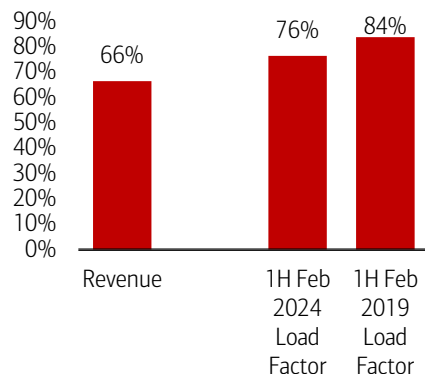
Source: ESI, BofA Global Research

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Int'l: Revenue 66%, Volume 76%, Yield 88% of 2019

Exhibit 7: China int'l air travel revenue as a % of 1H Feb 2019

Chinese international air travel revenue has recovered to 66% of pre-Covid levels

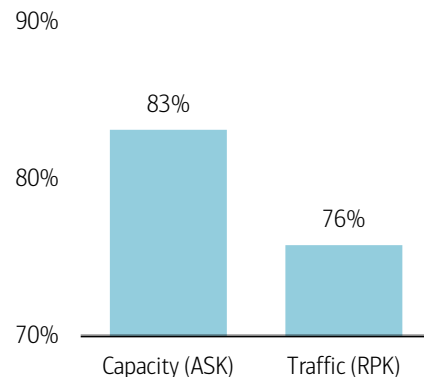


Source: ESI, BofA Global Research

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Exhibit 8: China int'l air travel capacity and traffic as a % of 1H Feb 2019

Chinese international air travel traffic has recovered to 76% of pre-Covid levels

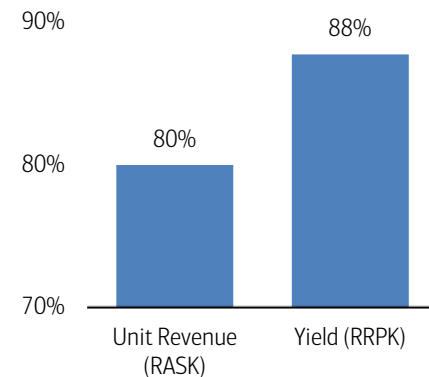


Source: ESI, BofA Global Research

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Exhibit 9: China int'l air travel unit revenue & yield as a % of 1H Feb 2019

Chinese international air travel yield has recovered to 88% of pre-Covid levels

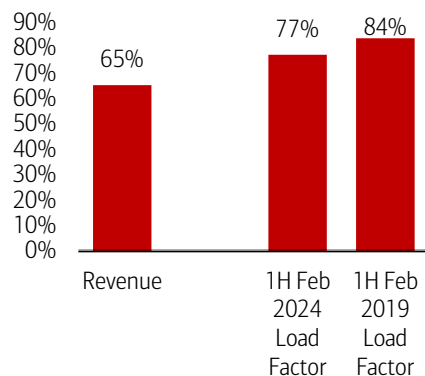


Source: ESI, BofA Global Research

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Exhibit 10: Big three air travel revenue as a % of 1H Feb 2019

Big three international air travel revenue has recovered to 65% of pre-Covid levels

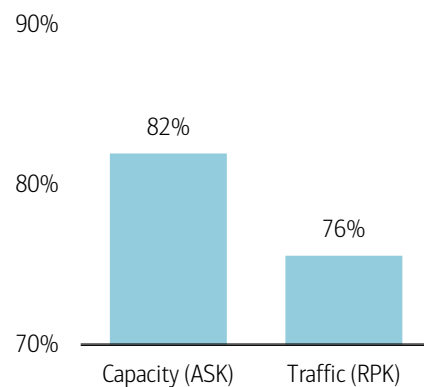


Source: ESI, BofA Global Research

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Exhibit 11: Big three int'l air travel capacity & traffic as a % of 1H Feb 2019

Big three international air travel traffic has recovered to 76% of pre-Covid levels

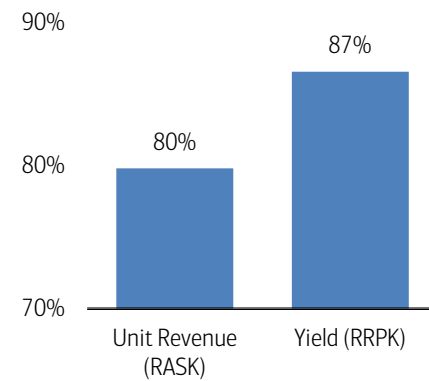


Source: ESI, BofA Global Research

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Exhibit 12: Big three int'l air travel unit rev & yield as a % of 1H Feb 2019

Big three international air travel yield has recovered to 87% of pre-Covid levels

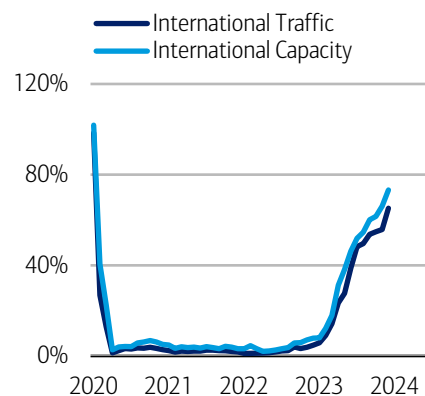


Source: ESI, BofA Global Research

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Exhibit 13: Air China international traffic and capacity as % of 2019 levels, 2020-24

Int'l traffic at 71% of 2019 levels in January 2024

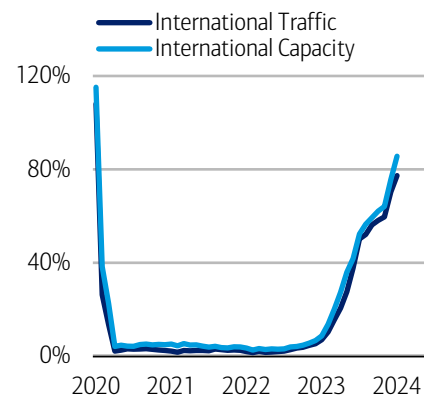


Source: Company reports, BofA Global Research

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Exhibit 14: China Eastern – international traffic and capacity as % of 2019 levels

Int'l traffic at 77% of 2019 levels in January 2024

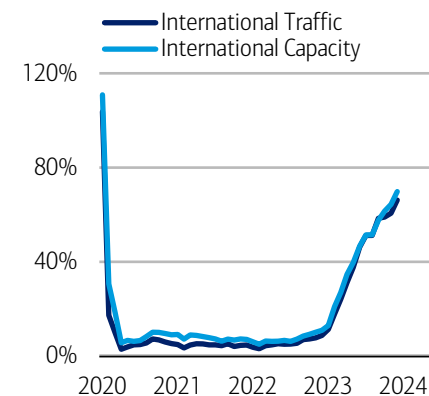


Source: Company reports, BofA Global Research

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Exhibit 15: China Southern – international traffic and capacity as % of 2019 levels

Int'l traffic at 71% of 2019 levels in January 2024



Source: Company reports, BofA Global Research

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Exhibit 16: China short-haul outbound by seats, 2023-24

Seat recovery led by shorter haul flights

	Thailand	Japan	Singapore	Malaysia	HK	Korea	Indonesia	Taiwan	Cambodia	Viet Nam	Philippines	Macau
2024-01	54%	75%	99%	57%	68%	77%	51%	53%	25%	71%	54%	100%
2024-02	63%	79%	106%	84%	72%	81%	54%	51%	26%	74%	63%	104%
2024-03	59%	78%	99%	77%	74%	79%	55%	55%	26%	77%	62%	100%

Source: OAG, BofA Global Research

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Exhibit 17: China long-haul outbound by seats, 2023-24

Seat recovery is slow to North America, and fastest to Italy and UK

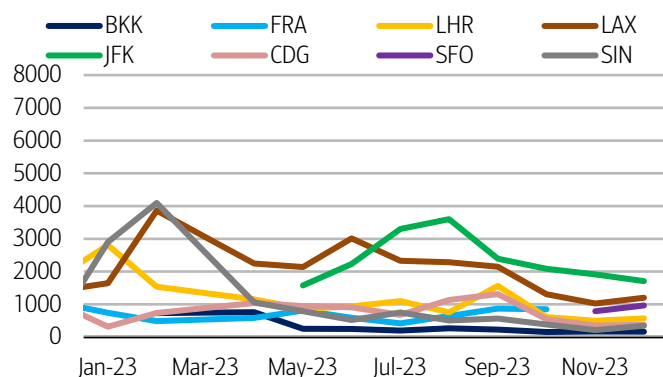
	USA	Australia	Canada	France	Germany	UAE	UK	Russia	NZ	Netherlands	Italy	Qatar
2024-01	22%	86%	12%	59%	92%	98%	129%	78%	95%	81%	159%	126%
2024-02	24%	87%	13%	65%	98%	95%	130%	84%	109%	83%	171%	130%
2024-03	22%	89%	12%	64%	86%	88%	123%	90%	79%	82%	157%	125%

Source: OAG, BofA Global Research

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Exhibit 18: China international airfare in USD, 2023

China-JFK airfare still at over \$1700 in December

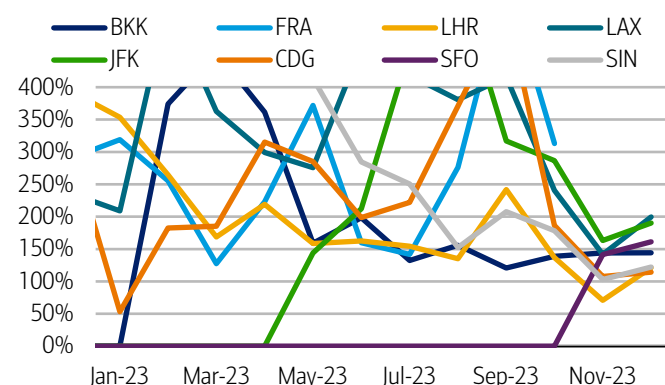


Source: OAG

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Exhibit 19: China int'l airfare (% of 2019), 2023

China-US airfare at 190% of pre-Covid levels in December



Source: OAG

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CNY season air traffic +18%; daily avg +25% of 2019

According to the Ministry of Transport, accumulative Chinese passenger movements during CNY flight season as of Feb 18th by all modes of transportation was 14% above 2019 levels and 16% above 2023 levels. The CNY flight season is defined as the 40-day-window from 15 days prior to the first day of CNY until the 25th day after. Accumulative air traffic, specifically, grew by 18% v. 2019 levels and 64% relative to 2023 levels, and daily average traffic during the 2024 public holidays was 25% above 2019 levels.

Air traffic was above 2019 levels throughout the entire CNY in 2024, at 2.14mn passenger-time per day between day 1 and day 24 of the flight season (Jan 26 - Feb 18) v. 1.81mn in 2019, and daily traffic pattern resembles previous years despite 2024 public holidays starting from the first day of CNY, rather than normally the day prior. However, air traffic growth wasn't as significant as rail traffic growth, which was 24% above 2019 levels. But air traffic still recovered at a stronger rate than the overall traffic recovery rate at 14% above 2019 levels - over 90% of total traffic is road traffic.

Meanwhile, 89% flights flown during the CNY public holidays were domestic – up by 20% per day relative to 2019 levels, while daily international + regional recovered to 69% of 2019 CNY levels. Total 2024 CNY flights executed were on average 11% higher than 2019 levels per day. For aircraft utilization - the average daily utilization hours for 2024 CNY also fared stronger than 2019 – at 8.6hrs but this is mostly driven by better usage of narrowbodies. Widebodies, on the other hand, are unproportionally deployed to more domestic routes – at 72% in 2024 vs 62% in 2019, suggesting potentials of fuller utilization of capacities when international flights are further restored in 2024.

Exhibit 20: Chinese passenger movements during CNY flight season by all modes of transportation, 2024 v. 2023 v. 2019 (1st day of CNY in blue)

Accumulative air traffic is up by 18% relative to 2019 CNY flight season; daily average during public holidays (Orange highlighted) is up by 25% relative to 2019 levels

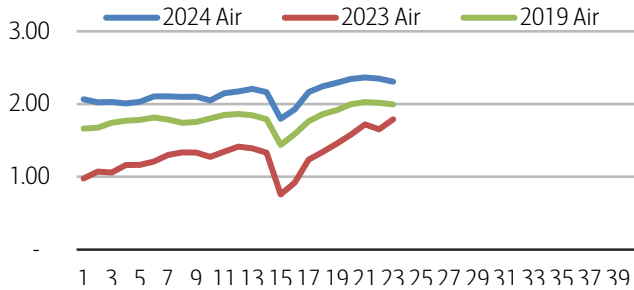
Day	Date	2024					2024 v. 2023					2024 v. 2019				
		Rail	Road	Waterway	Air	Total	Rail	Road	Waterway	Air	Total	Rail	Road	Waterway	Air	Total
1	26-Jan-24	11.06	175.64	0.58	2.07	189.35	78%	17%	49%	112%	19.7%	16%	6%	-45%	24%	6.7%
2	27-Jan-24	12.14	174.83	0.59	2.02	189.58	98%	16%	36%	89%	19.6%	36%	6%	-51%	21%	7.3%
3	28-Jan-24	11.73	178.64	0.63	2.03	193.03	78%	15%	54%	92%	17.7%	29%	5%	-45%	17%	5.9%
4	29-Jan-24	12.07	176.72	0.64	2.01	191.44	85%	11%	57%	73%	14.4%	29%	5%	-50%	13%	5.8%
5	30-Jan-24	10.99	183.31	0.60	2.03	196.93	64%	12%	45%	74%	14.3%	11%	8%	-45%	14%	7.5%
6	31-Jan-24	11.49	178.96	0.55	2.11	193.11	69%	11%	17%	74%	13.4%	10%	-1%	-53%	16%	-0.2%
7	1-Feb-24	12.08	182.23	0.56	2.11	196.97	63%	10%	37%	62%	12.8%	19%	0%	-55%	18%	1.2%
8	2-Feb-24	12.14	185.19	0.59	2.10	200.02	48%	15%	52%	57%	16.5%	17%	1%	-60%	21%	1.5%
9	3-Feb-24	12.82	187.93	0.60	2.10	203.45	58%	-2%	69%	58%	0.9%	30%	-6%	-45%	20%	-4.1%
10	4-Feb-24	12.27	178.95	0.64	2.05	193.90	48%	-12%	43%	61%	-9.3%	24%	-8%	-60%	14%	-6.9%
11	5-Feb-24	12.20	200.93	0.59	2.15	215.87	45%	-4%	25%	60%	-1.6%	19%	2%	-55%	16%	2.9%
12	6-Feb-24	12.89	217.13	0.68	2.17	232.88	45%	4%	30%	54%	5.8%	23%	0%	-51%	17%	1.1%
13	7-Feb-24	12.97	229.77	0.68	2.21	245.62	45%	10%	28%	59%	11.4%	26%	8%	-39%	20%	8.5%
14	8-Feb-24	12.45	255.53	0.64	2.16	270.78	53%	32%	19%	62%	32.6%	34%	34%	-60%	21%	33.4%
15	9-Feb-24	8.26	184.62	0.57	1.80	195.24	99%	24%	12%	138%	26.7%	50%	29%	-61%	25%	28.4%
16	10-Feb-24	5.57	186.43	0.58	1.93	194.51	101%	22%	35%	110%	24.2%	32%	28%	-51%	21%	27.4%
17	11-Feb-24	8.97	261.64	0.98	2.17	273.75	72%	21%	42%	75%	22.6%	18%	24%	-52%	23%	23.4%
18	12-Feb-24	11.24	269.91	1.26	2.24	284.65	61%	17%	101%	67%	18.3%	23%	22%	-53%	21%	21.2%
19	13-Feb-24	12.93	284.79	1.38	2.29	301.39	51%	17%	52%	57%	18.2%	29%	27%	-42%	20%	25.8%
20	14-Feb-24	14.25	288.91	1.49	2.34	306.99	36%	9%	53%	49%	10.2%	27%	25%	-42%	17%	24.4%
21	15-Feb-24	15.16	296.54	1.32	2.37	315.38	24%	1%	80%	38%	2.1%	20%	22%	-38%	17%	21.8%
22	16-Feb-24	15.29	289.61	1.22	2.35	308.46	25%	34%	33%	42%	34.0%	20%	36%	-43%	17%	34.1%
23	17-Feb-24	16.07	288.72	1.12	2.31	308.21	38%	54%	46%	29%	52.4%	33%	50%	-42%	16%	47.5%
24	18-Feb-24	15.61	196.59	1.06	2.31	215.57	38%	11%	32%	44%	12.7%	33%	5%	-39%	18%	6.3%
	Sum	292.61	5,253.52	19.55	51.41	5,617.09	53%	14%	44%	64%	15.6%	25%	14%	-49%	18%	14.1%

Source: Ministry of Transport. Data in passenger-times in millions. *First day of public holidays. ** Last day of public holidays.

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Exhibit 21: Chinese air passenger movements for CNY flight season

2024 CNY air traffic has been consistently higher than previous years

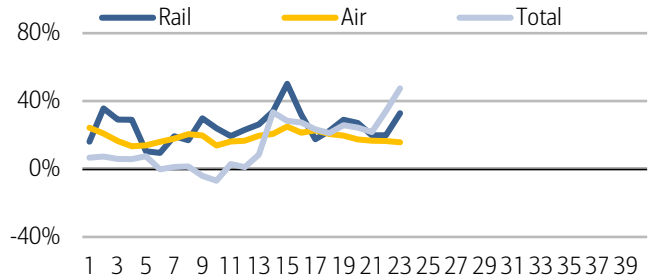


Source: Ministry of Transport, BofA Global Research

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Exhibit 22: Total passenger traffic for CNY flight season, 2024 v. 2019

Rail traffic recovered better than air during CNY

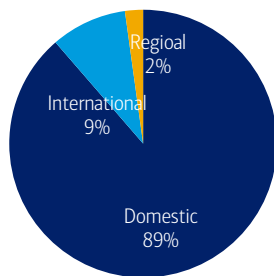


Source: Ministry of Transport, BofA Global Research

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Exhibit 23: 2024 CNY mix by destinations

89% flights during CNY were domestic

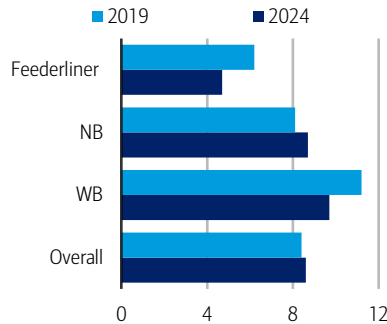


Source: DAST, BofA Global Research

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Exhibit 24: 2024 CNY avg daily utilization hrs

Average daily utilization was 8.6hrs in 2024

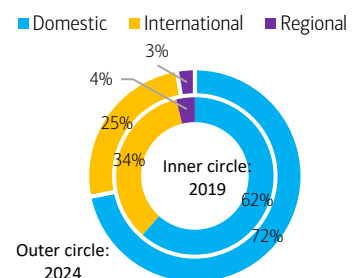


Source: DAST, BofA Global Research

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Exhibit 25: 2024 CNY WB utilization mix

72% widebody was deployed to domestic routes



Source: DAST, BofA Global Research

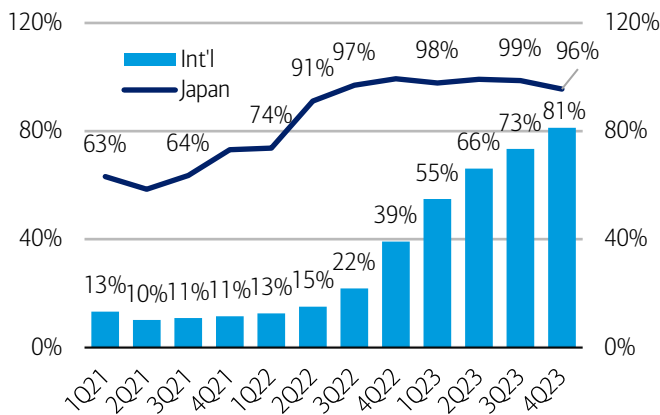
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Japan travel trends

Off peak travel season in January/February mostly back to normal. Japanese Yen to weaken again likely to provide tailwind to inbound tourism in 2024.

Exhibit 26: Japan international capacity as % of 2019, 2021-23

International ramping to 80% of normal

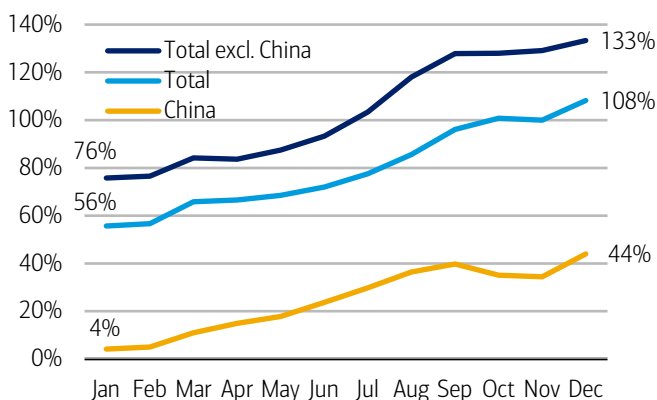


Source: Diio

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Exhibit 28: Japan inbound tourism % of normal, 2023

Total inbound volume in December was 108% of normal



Source: JNTO

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Exhibit 30: Japan short-haul outbound by ASK, 2023-24

Flights to China are quickly restoring

	China	Thailand	HK	Taiwan	Singapore	Korea	Viet Nam	Philippines	Malaysia	Indonesia	India
2024-01	76%	64%	90%	100%	102%	104%	114%	105%	87%	60%	93%
2024-02	80%	65%	92%	101%	107%	109%	116%	105%	94%	69%	111%
2024-03	78%	61%	89%	98%	106%	99%	111%	101%	82%	64%	108%

Source: OAG, BofA Global Research

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Exhibit 31: Japan long-haul outbound by ASK, 2023-24

Long-haul flights to Australia and Canada are fastest to recover

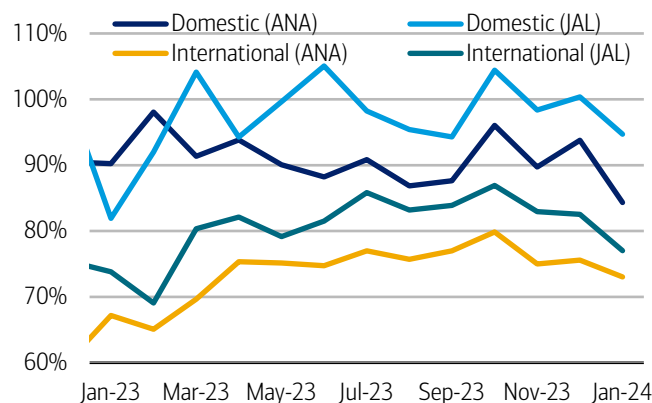
	USA	Germany	Australia	France	UAE	UK	Canada	Finland	Qatar	Netherlands	Italy
2024-01	98%	69%	119%	68%	107%	79%	141%	76%	89%	76%	49%
2024-02	101%	68%	129%	73%	112%	88%	146%	76%	93%	76%	50%
2024-03	97%	66%	130%	75%	109%	87%	145%	67%	138%	71%	71%

Source: OAG, BofA Global Research

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Exhibit 27: JAL & ANA traffic % of normal, 2023-24

JAL continue to lead the recovery. Domestic back to normal in December

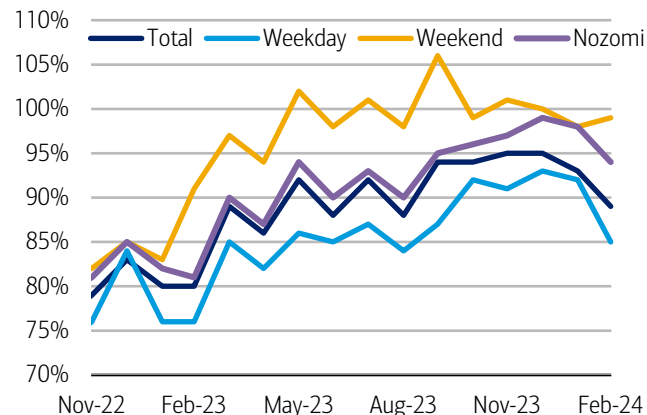


Source: Company reports

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Exhibit 29: JR Central Shinkansen traffic % of normal, 2022-24

Weekend traffic remain strong. Nozomi still ~95% of normal



Source: Company reports

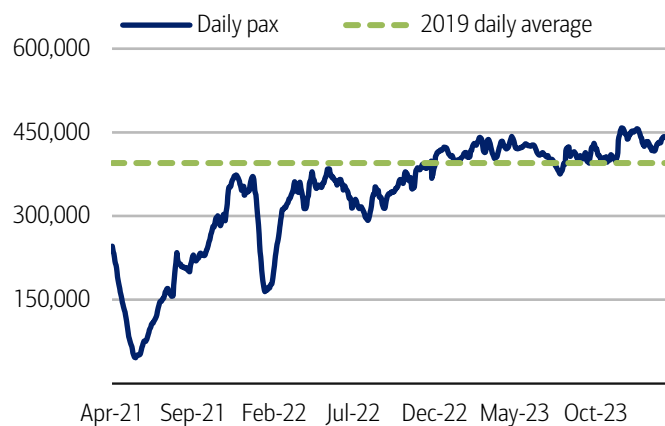
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Indian air travel trends

Indian domestic air traffic up since reopening.

Exhibit 32: Indian domestic air passengers (# 7D MA), 2021-23

Indian domestic air passengers remained > 2019 levels in February 2024



Source: MoCA

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Exhibit 33: Indian domestic air passengers YoY growth (# 7D MA), 2023

Indian domestic air passengers have been growing on a yoy basis since 2023



Source: MoCA

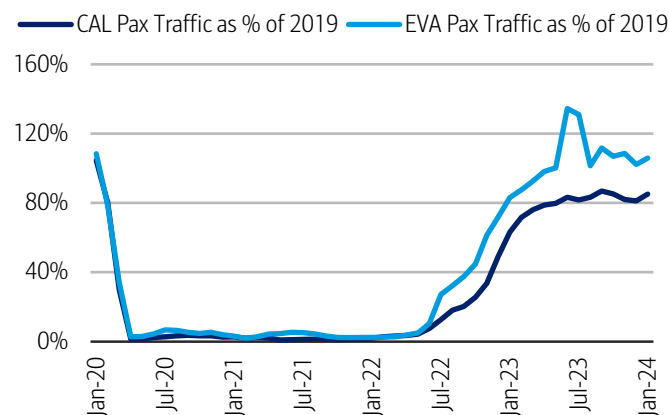
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Taiwan air travel trends

Taiwan's air traffic is still strong in January 2024 but normalizing:

Exhibit 34: CAL & EVA - Passenger Traffic as % of 2019, 2020-2023

CAL/EVA's passenger traffic at 85%/106% of normal in January 2024

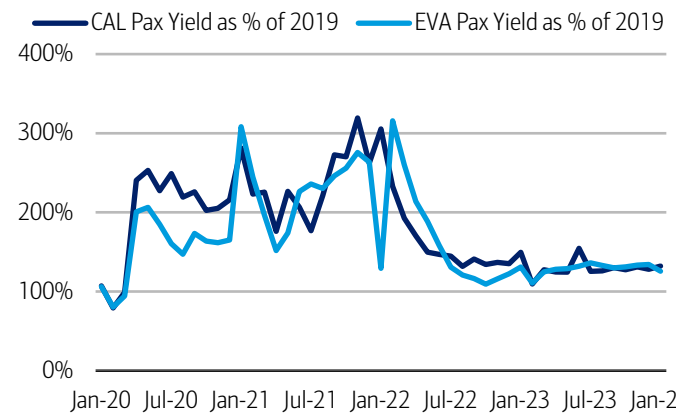


Source: Company reports, BofA Global Research

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Exhibit 35: CAL & EVA - Passenger Yield as % of 2019, 2020-2023

CAL/EVA's passenger yield at 132%/126% of normal in January 2024



Source: Company reports, BofA Global Research

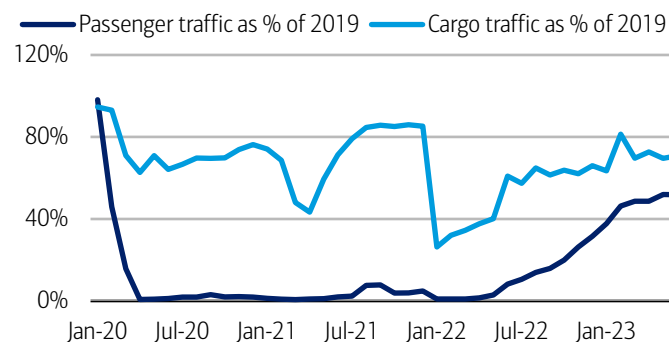
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Long haul travel trends

CX back to 60% of normal in December 2023 while SIA 102% of normal in January 2024.

Exhibit 36: CX – Passenger & cargo as % of 2019, 2020-2022

CX traffic back to 60% of normal in December 2023

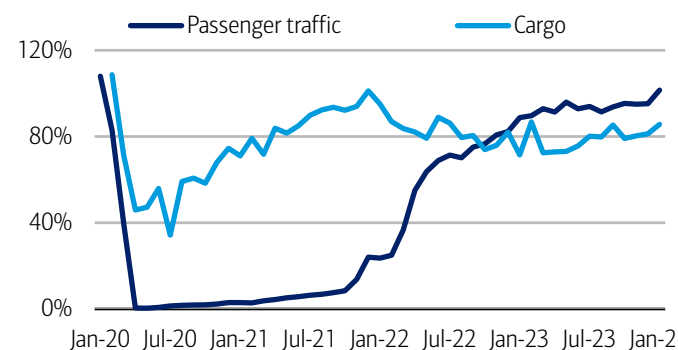


Source: Company reports, BofA Global Research estimates

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Exhibit 37: SIA – passenger & cargo as % of 2019, 2020-2022

SIA traffic at 102% of normal in January 2024

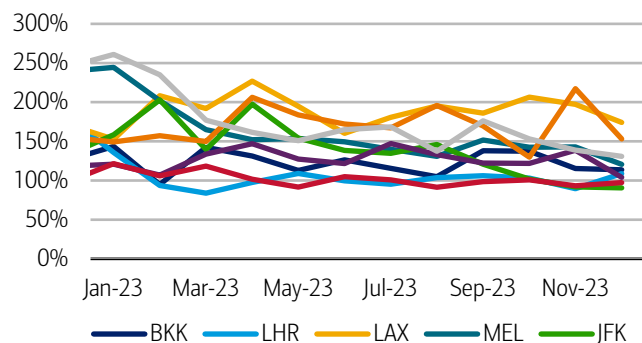


Source: Company reports, BofA Global Research estimates

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Exhibit 38: CX key route airfare (% of 2019), 2023

Transpacific pricing normalizing a little

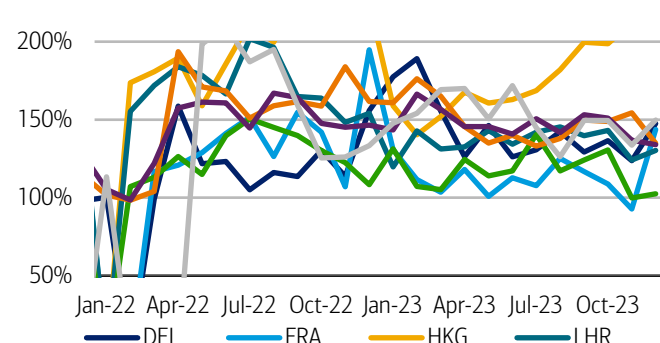


Source: OAG

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Exhibit 39: SIA – key route airfare as % of 2019, 2023

SIA pricing broadly holding



Source: OAG

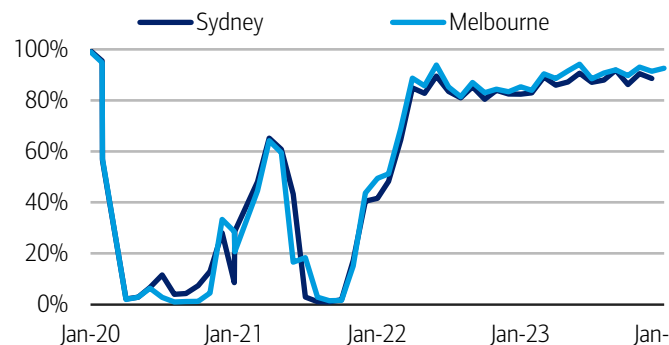
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Australia travel trends

Melbourne domestic/international traffic has recovered to around 93%/100% of normal:

Exhibit 40: SYD & MEL airport domestic traffic as % of 2019

Domestic traffic at Melbourne at 93% of normal in January 2024

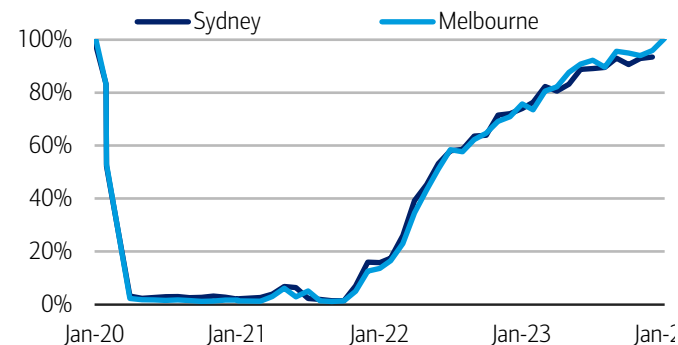


Source: Company reports

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Exhibit 41: SYD & MEL airport international traffic as % of 2019

International traffic at Melbourne at 100% of normal in January 2024



Source: Company reports

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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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