

Asia Pacific Aviation Nowcast

Nowcast #99: High frequency travel trends tracker across China & Asia

Industry Overview

Real time tracking of Asian travel trends

Our 99th Nowcast shows high frequency travel trends across Asia. Chinese domestic and international air travel spending recovered to 148%/76% of 2019 levels in February. Domestic revenue outperformance was helped by peak seasonality and CNY calendar shifts so we expect March/April revenue outperformance to be less stellar until the next major public holiday. Internationally, we expect easing visa policies by short-haul destinations and continued restoration of US-China flights to provide ongoing support for traffic recovery in 2024.

China domestic: Revenue at 148% of 2019 levels

Chinese domestic air travel spending trended at 48% above 2019 levels in February 2024, with traffic and domestic yields at 26%/17% above 2019 levels for the month while seat loads sustained at 84% post-CNY. Travel demand remains robust after CNY with domestic flight executed 3.6% higher MoM, and cancellations averaged at 9% in 2H Feb – lower than 10% in 1H Feb. However, we expect relatively weaker outperformance v. 2019 for March/April until the next long public holiday (Labor Day holiday).

China international: Revenue at 76% of 2019 levels

Chinese international air travel spending trended at 76% of 2019 levels in February, with traffic and yields at 81%/94% of 2019 levels. Thailand saw the most additions of flights post-CNY as the permanent visa-free program provides strong tailwind for ongoing demand. However, ticket pricing for some short haul routes (Beijing to Japan) is showing signs of weakness as visa, macro, and business demand lag, although a recent acceleration of Japanese visa processing should help with demand. Additionally, the US Department of Transportation recently approved 100 weekly flights between US and China from late March, up from 70 currently (but only 66 executed), and we expect continued recovery of transpacific flights to help repair airline profitability.

Japan: Strong start for inbound traffic

Inbound traffic in January was 100% of normal and now we have seen four consecutive months of inbound traffic growth. The Japanese Yen has weakened back to 150 USDJPY which is likely to continue to support inbound growth. Japanese outbound and Chinese inbound still remain 50-60% of normal but we expect to see gradual improvements in 2024. Railway traffic could see some pick up especially on commuter traffic in March/April as Japanese fiscal year is starting soon.

05 March 2024

Equity
Asia-Pacific
Airlines

Nathan Gee, CFA >>
Research Analyst
Merrill Lynch (Singapore)
+65 6678 0418
nathan.gee@bofa.com

Isabella Zeng >>
Research Analyst
Merrill Lynch (Singapore)
+65 6678 5390
isabella.zeng@bofa.com

Hiro Nakakura, CFA >>
Research Analyst
Merrill Lynch (Singapore)
+65 6678 0972
hiro.nakakura@bofa.com

CNY: Chinese New Year

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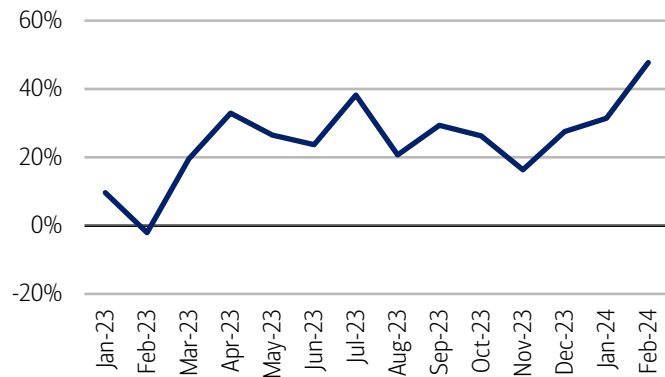
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Chinese air travel trends – February 2024

Domestic Rev +48%, Traffic +26%, Yield +17% of 2019

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

Feb industry revenue exceeded 2019 levels by +48%, +31% for Jan

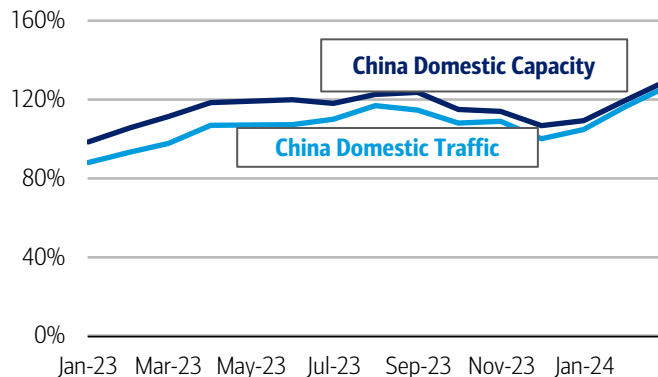


Source: ESI, BofA Global Research

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

Domestic air traffic at 126% and supply at 129% of normal in Feb

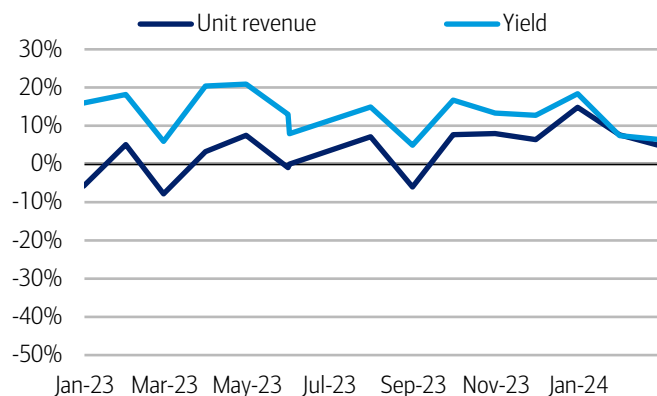


Source: ESI, BofA Global Research

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

Unit revenue at 105% and yield at 106% of 2019 levels in February

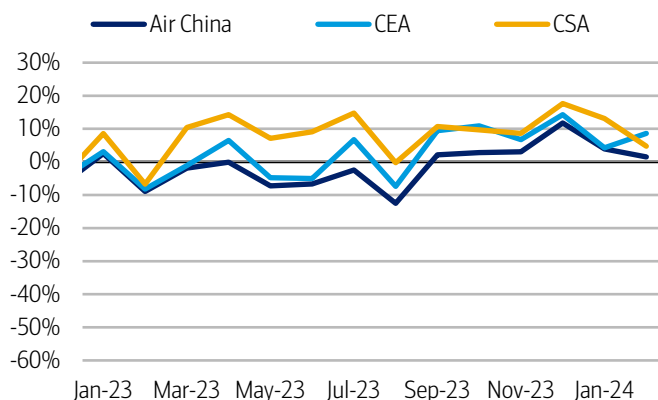


Source: ESI, BofA Global Research

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

Unit revenue is 101-109% of 2019 levels for the Big 3 airlines in January

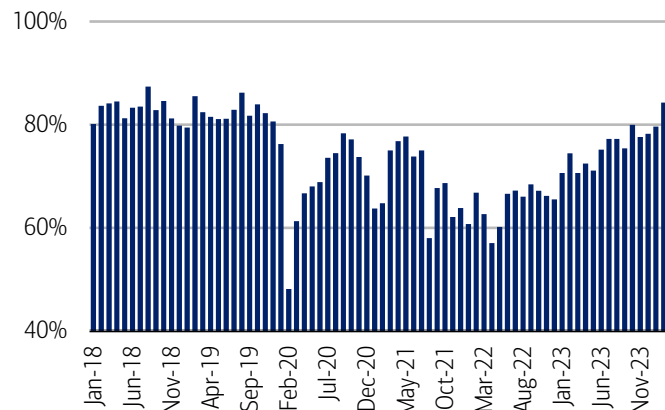


Source: ESI, BofA Global Research

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

Domestic seat loads further improves to 84.3% in Feb, up from 79.6% in Jan

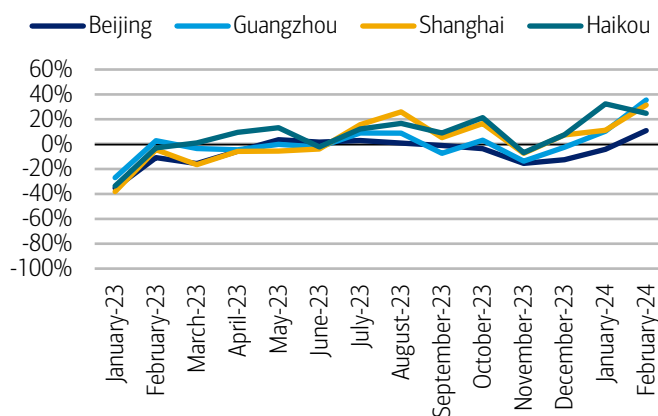


Source: ESI, BofA Global Research

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Exhibit 6: Chinese airports domestic traffic growth vs 2019

HNIA led traffic recovery at 21%+ higher than 2019 in Feb



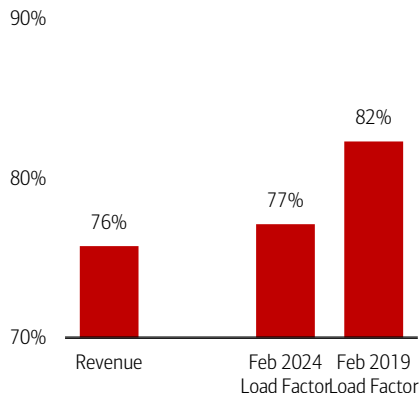
Source: ESI, BofA Global Research

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Int'l: Revenue 76%, Volume 81%, Yield 94% of 2019

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

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

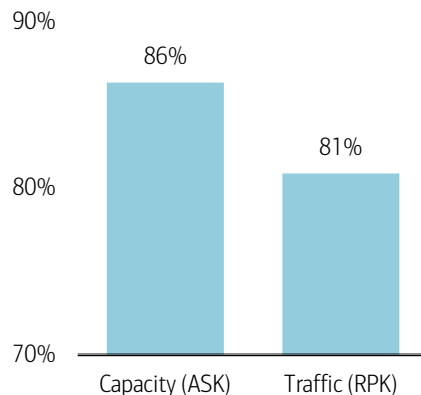


Source: ESI, BofA Global Research

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

Chinese international air travel traffic has recovered to 81% of pre-Covid levels

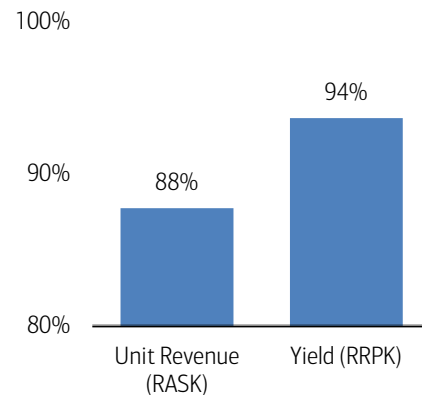


Source: ESI, BofA Global Research

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

Chinese international air travel yield has recovered to 94% of pre-Covid levels

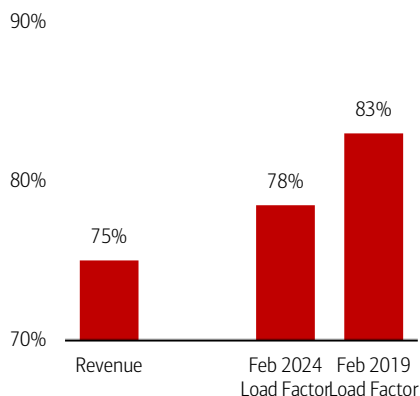


Source: ESI, BofA Global Research

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

Big three international air travel revenue has recovered to 75% of pre-Covid levels

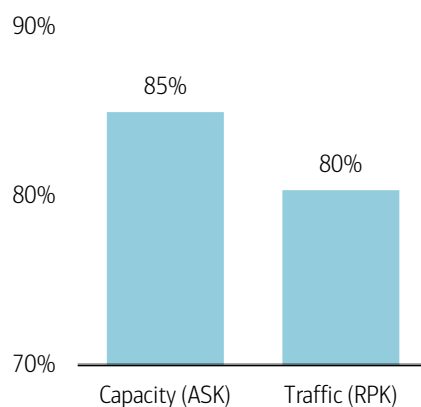


Source: ESI, BofA Global Research

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

Big three international air travel traffic has recovered to 80% of pre-Covid levels

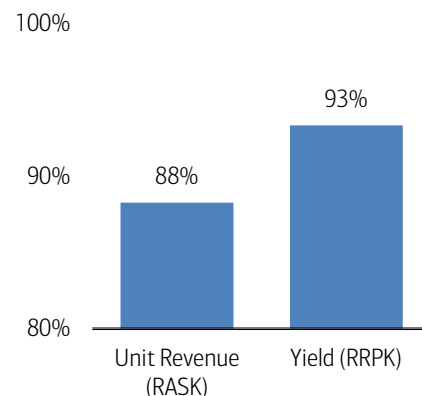


Source: ESI, BofA Global Research

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

Big three international air travel yield has recovered to 93% of pre-Covid levels

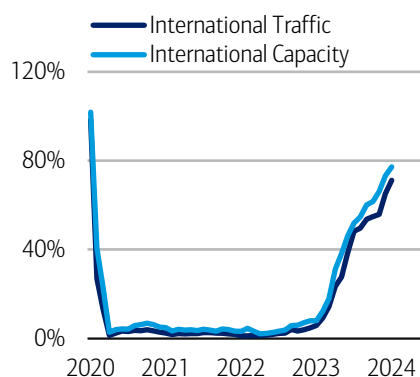


Source: ESI, BofA Global Research

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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

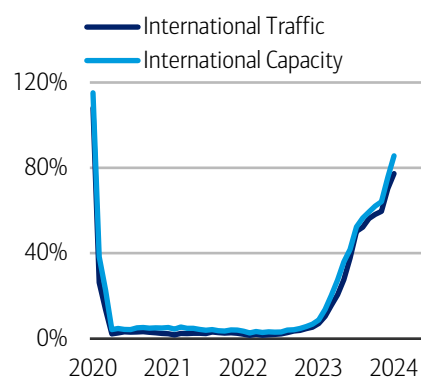


Source: Company reports, BofA Global Research

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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 Dec 2023

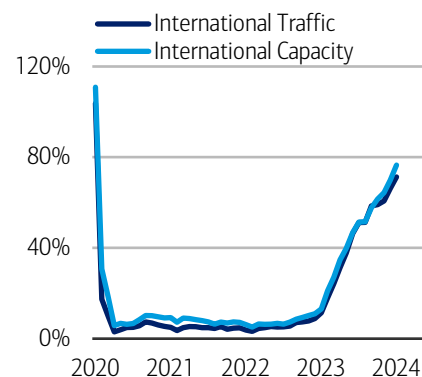


Source: Company reports, BofA Global Research

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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

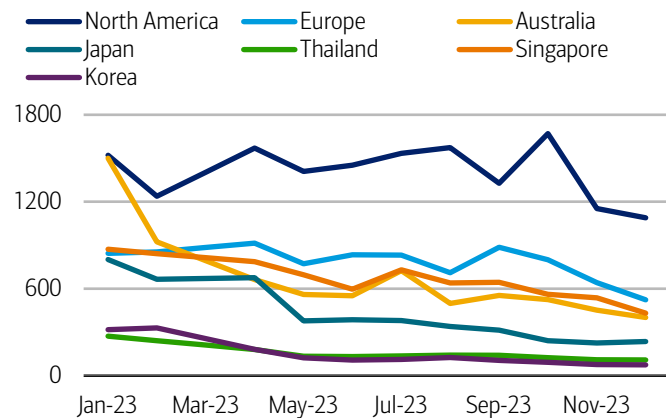
	USA	Australia	Canada	France	Germany	UAE	UK	Russia	NZ	Netherlands	Italy	Qatar
2024-01	22%	86%	12%	59%	92%	98%	129%	78%	95%	81%	159%	126%
2024-02	24%	87%	13%	65%	98%	95%	130%	84%	109%	83%	171%	130%
2024-03	22%	89%	12%	64%	86%	88%	123%	90%	79%	82%	157%	125%

Source: OAG, BofA Global Research

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Exhibit 18: China international airfare in USD, 2023

China-North America airfare still at over \$1000 in December

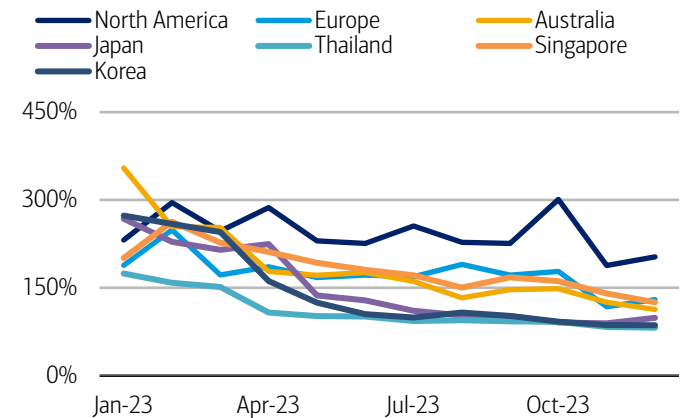


Source: OAG

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

China-US airfare at 200% of pre-Covid levels in December



Source: OAG

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CNY season air traffic +15%; total traffic +8% of 2019

According to the Ministry of Transport, accumulative Chinese passenger movements during CNY flight season as of March 3rd by all modes of transportation was 8% above 2019 levels and 10% 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. Total air traffic grew by 15% v. 2019 levels and 52% v. 2023 levels. Daily average traffic during the 2024 public holidays was 25% above 2019 holidays, and same-day air traffic was 16% above 2019 levels for the month following the CNY flight season.

Air traffic was above 2019 levels throughout the entire CNY in 2024, and daily traffic pattern resembles previous years even though 2024 public holidays started 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 20% above 2019 levels.

Exhibit 22: 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

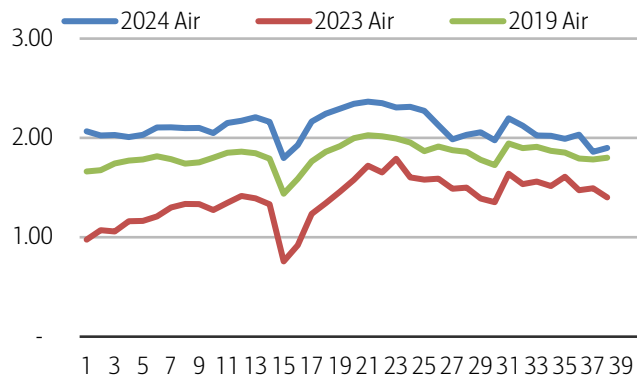
Pax-times in mn		Public Holidays				1st day of CNY								
		2024					2024 v. 2019					Air travel		
Day	Date	Rail	Road	Waterway	Air	Total	Rail	Road	Waterway	Air	Total	Same day 2024 v. 2019		
1	26-Jan-24	11.06	175.64	0.58	2.07	189.35	16%	6%	-45%	24%	6.7%	13.9%		
2	27-Jan-24	12.14	174.83	0.59	2.02	189.58	36%	6%	-51%	21%	7.3%	13.3%		
3	28-Jan-24	11.73	178.64	0.63	2.03	193.03	29%	5%	-45%	17%	5.9%	16.5%		
4	29-Jan-24	12.07	176.72	0.64	2.01	191.44	29%	5%	-50%	13%	5.8%	14.6%		
5	30-Jan-24	10.99	183.31	0.60	2.03	196.93	11%	8%	-45%	14%	7.5%	12.7%		
6	31-Jan-24	11.49	178.96	0.55	2.11	193.11	10%	-1%	-53%	16%	-0.2%	13.8%		
7	1-Feb-24	12.08	182.23	0.56	2.11	196.97	19%	0%	-55%	18%	1.2%	13.1%		
8	2-Feb-24	12.14	185.19	0.59	2.10	200.02	17%	1%	-60%	21%	1.5%	13.6%		
9	3-Feb-24	12.82	187.93	0.60	2.10	203.45	30%	-6%	-45%	20%	-4.1%	17.2%		
10	4-Feb-24	12.27	178.95	0.64	2.05	193.90	24%	-8%	-60%	14%	-6.9%	42.5%		
11	5-Feb-24	12.20	200.93	0.59	2.15	215.87	19%	2%	-55%	16%	2.9%	35.4%		
12	6-Feb-24	12.89	217.13	0.68	2.17	232.88	23%	0%	-51%	17%	1.1%	23.3%		
13	7-Feb-24	12.97	229.77	0.68	2.21	245.62	26%	8%	-39%	20%	8.5%	18.7%		
14	8-Feb-24	12.45	255.53	0.64	2.16	270.78	34%	34%	-60%	21%	33.4%	12.9%		
15	9-Feb-24	8.26	184.62	0.57	1.80	195.24	50%	29%	-61%	25%	28.4%	-10.0%		
16	10-Feb-24	5.57	186.43	0.58	1.93	194.51	32%	28%	-51%	21%	27.4%	-4.9%		
17	11-Feb-24	8.97	261.64	0.98	2.17	273.75	18%	24%	-52%	23%	23.4%	7.4%		
18	12-Feb-24	11.24	269.91	1.26	2.24	284.65	23%	22%	-53%	21%	21.2%	12.5%		
19	13-Feb-24	12.93	284.79	1.38	2.29	301.39	29%	27%	-42%	20%	25.8%	17.4%		
20	14-Feb-24	14.25	288.91	1.49	2.34	306.99	27%	25%	-42%	17%	24.4%	25.6%		
21	15-Feb-24	15.16	296.54	1.32	2.37	315.38	20%	22%	-38%	17%	21.8%	23.6%		
22	16-Feb-24	15.29	289.61	1.22	2.35	308.46	20%	36%	-43%	17%	34.1%	25.3%		
23	17-Feb-24	16.07	288.72	1.12	2.31	308.21	33%	50%	-42%	16%	47.5%	24.0%		
24	18-Feb-24	15.61	196.59	1.06	2.31	215.57	33%	5%	-39%	18%	6.3%	29.9%		
25	19-Feb-24	14.04	176.08	0.87	2.27	193.27	23%	-2%	-47%	22%	-0.8%	31.7%		
26	20-Feb-24	13.39	159.00	0.81	2.13	175.32	18%	-5%	-50%	11%	-3.3%	9.4%		
27	21-Feb-24	12.01	137.93	0.72	1.99	152.65	7%	-22%	-50%	6%	-19.9%	4.7%		
28	22-Feb-24	11.42	134.89	0.60	2.03	148.94	7%	-21%	-60%	9%	-19.3%	6.4%		
29	23-Feb-24	12.32	150.45	0.54	2.06	165.36	19%	-7%	-58%	16%	-5.3%	10.0%		
30	24-Feb-24	13.18	155.28	0.51	1.98	170.95	51%	0%	-57%	15%	2.2%	15.8%		
31	25-Feb-24	15.21	194.35	0.51	2.20	212.26	36%	5%	-44%	13%	6.4%			
32	26-Feb-24	14.23	171.80	0.55	2.12	188.70	24%	-1%	-55%	12%	0.4%			
33	27-Feb-24	11.63	165.55	0.50	2.02	179.71	-3%	-9%	-59%	6%	-8.9%			
34	28-Feb-24	10.52	157.43	0.51	2.02	170.48	-20%	-11%	-58%	8%	-12.1%			
35	29-Feb-24	10.02	150.66	0.50	1.99	163.17	-19%	-13%	-57%	8%	-13.2%			
36	1-Mar-24	11.34	168.13	0.44	2.03	181.94	4%	6%	-61%	13%	5.7%			
37	2-Mar-24	12.47	167.98	0.52	1.86	182.83	32%	1%	-45%	4%	1.9%			
38	3-Mar-24	11.55	168.33	0.67	1.90	182.45	28%	4%	-44%	6%	4.5%			
Sum		465.92	7,511.38	27.82	80.01	8,085.13	20%	7%	-50%	15%	7.7%			

Source: Ministry of Transport. Data in passenger-times in millions.

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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

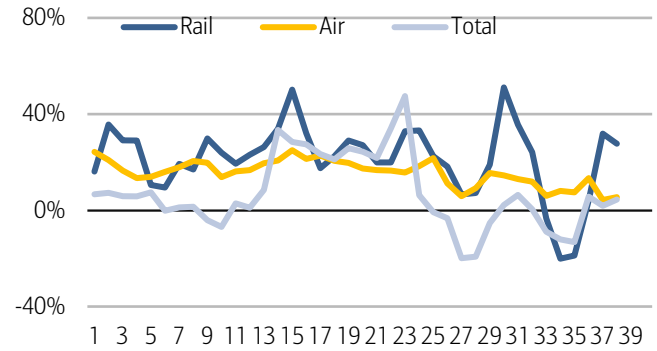


Source: Ministry of Transport, BofA Global Research

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

Rail traffic recovered better than air during CNY

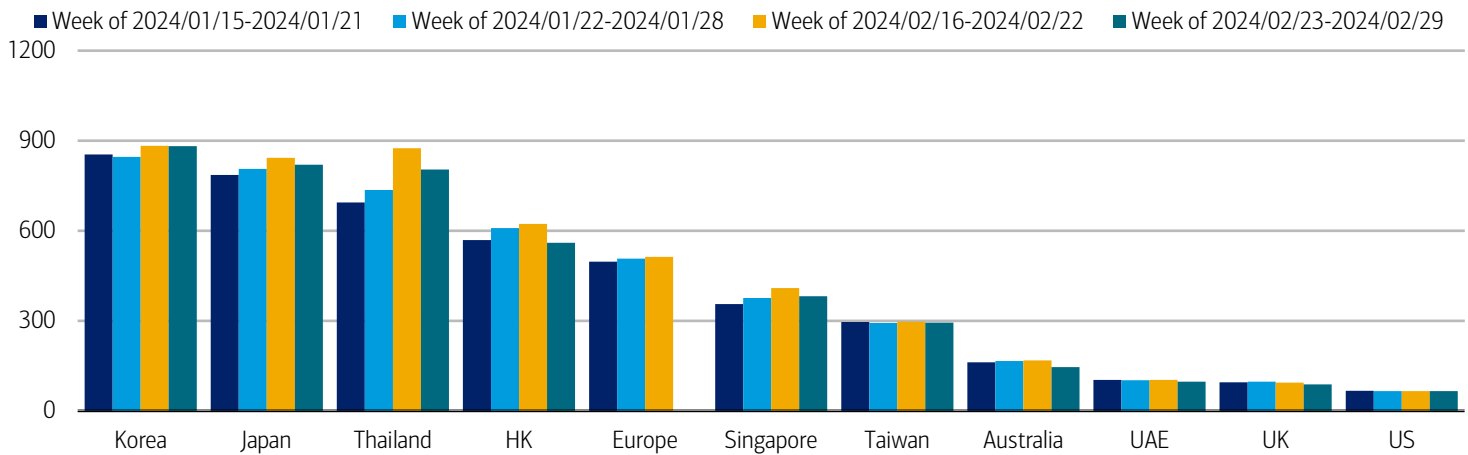


Source: Ministry of Transport, BofA Global Research

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Exhibit 23: Pre- and Post-CNY international travel recovery by destinations, number of flights

Thailand saw biggest additions of flights post-CNY

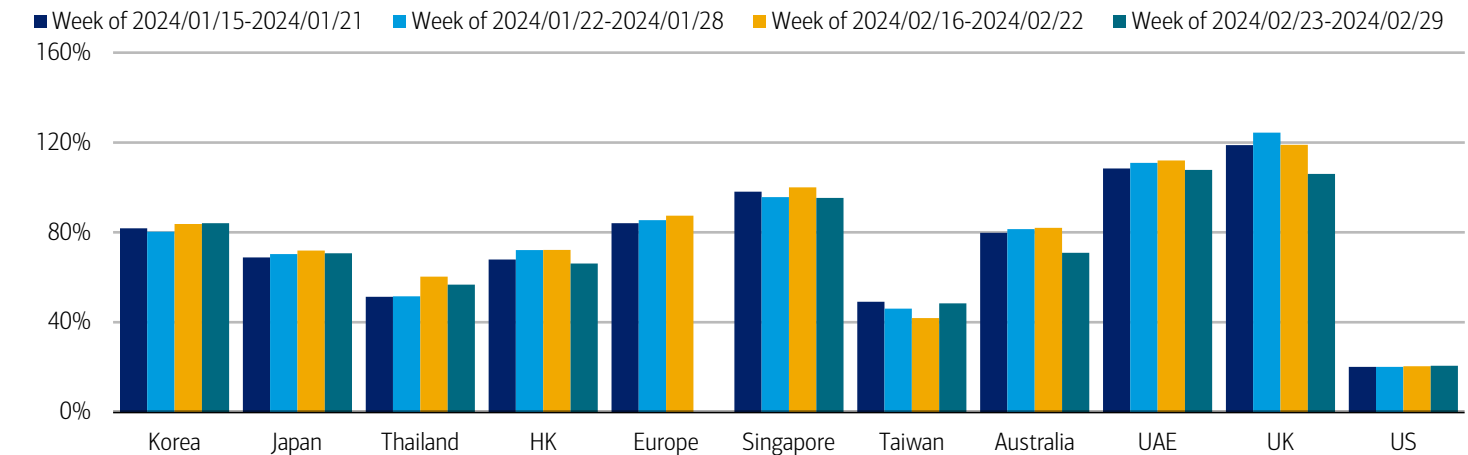


Source: DAST

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Exhibit 24: Pre- and Post-CNY international travel recovery by destinations, flight recovery v. 2019

Korea and Thailand saw strong post-CNY flight recovery



Source: DAST

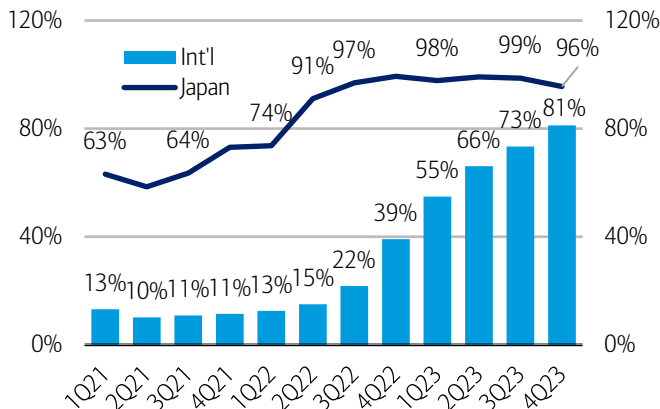
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Japan travel trends

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

International ramping to 80% of normal

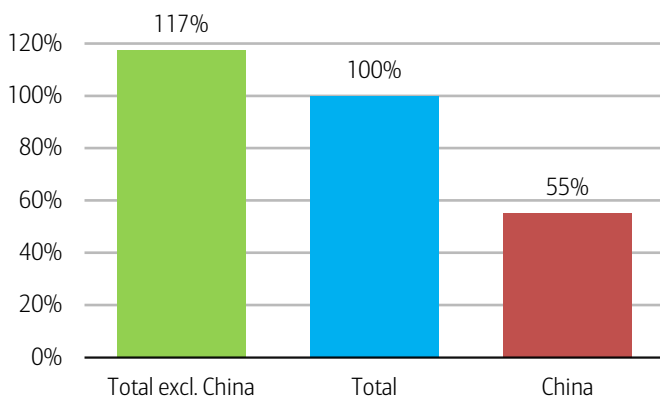


Source: Diio

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Exhibit 27: Japan inbound tourism % of normal, January 2024

Inbound volume in January fully back to normal. Exc. Chinese 117% of normal



Source: JNTO

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Exhibit 29: 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 30: Japan long-haul outbound by ASK, 2023-24

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

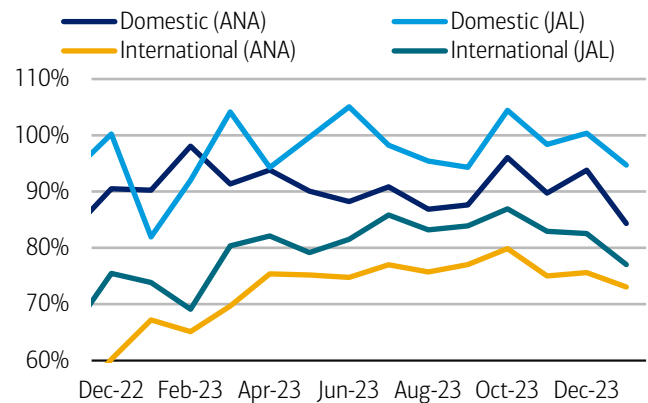
	USA	Germany	Australia	France	UAE	UK	Canada	Finland	Qatar	Netherlands	Italy
2024-01	98%	69%	119%	68%	107%	79%	141%	76%	89%	76%	49%
2024-02	101%	68%	129%	73%	112%	88%	146%	76%	93%	76%	50%
2024-03	97%	66%	130%	75%	109%	87%	145%	67%	138%	71%	71%

Source: OAG, BofA Global Research

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Exhibit 26: JAL & ANA traffic % of normal, 2023-24

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

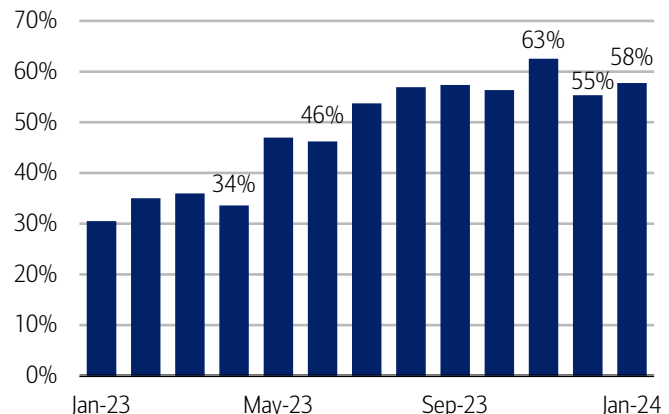


Source: Company reports

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Exhibit 28: Japan outbound tourism % of normal, 2023-24

Japanese outbound has been 50-60% of normal since summer of 2023



Source: JNTO

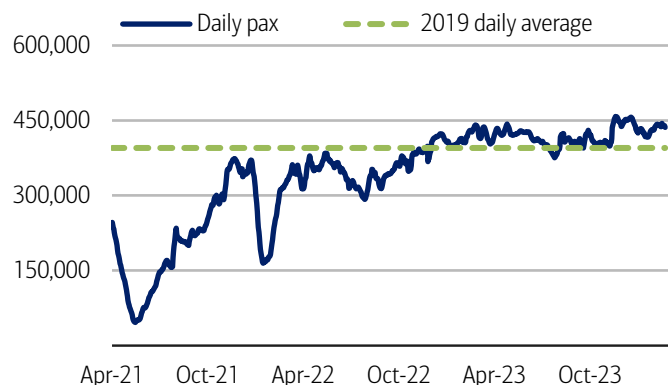
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Indian air travel trends

Indian domestic air traffic up since reopening.

Exhibit 31: 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 32: Indian domestic air passengers YoY growth (# 7D MA), 2023

Indian domestic air passengers grew on a yoy basis since 2023 although speed of growth declined



Source: MoCA

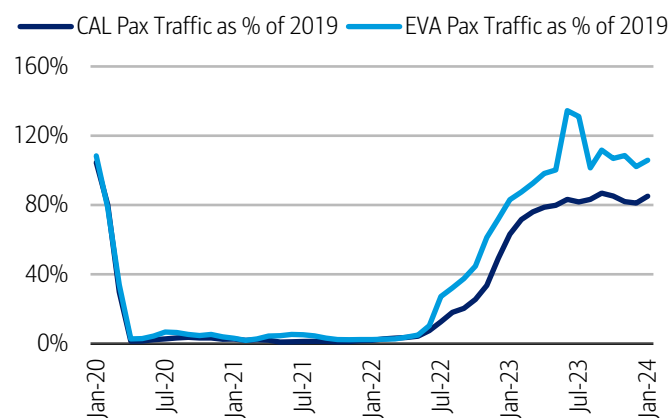
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Taiwan air travel trends

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

Exhibit 33: CAL & EVA - Passenger Traffic as % of 2019, 2020-2023

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

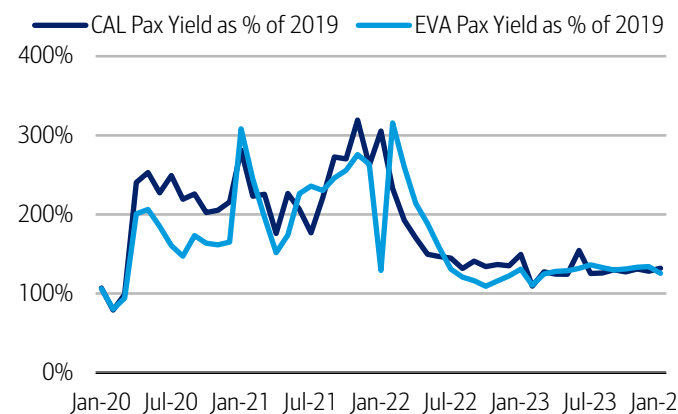


Source: Company reports, BofA Global Research

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Exhibit 34: 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

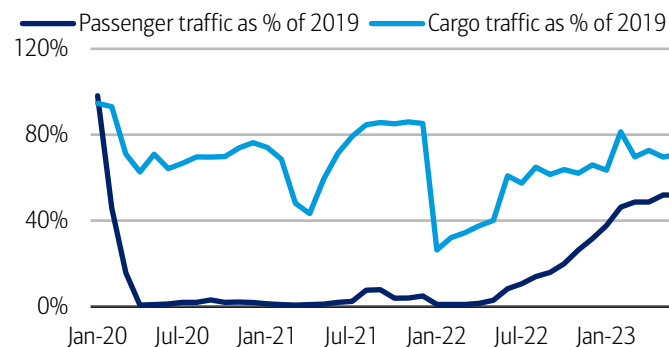
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Long haul travel trends

CX back to 59% of normal while SIA 102% of normal in January 2024.

Exhibit 35: CX – Passenger & cargo as % of 2019, 2020-2022

CX traffic back to 59% of normal in January 2023

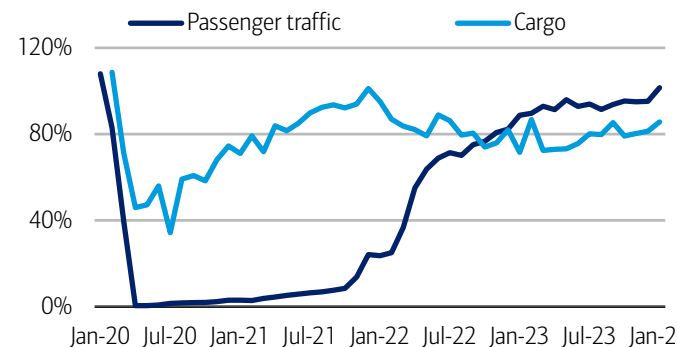


Source: Company reports, BofA Global Research estimates

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Exhibit 36: SIA – passenger & cargo as % of 2019, 2020-2022

SIA traffic at 102% of normal in January 2024

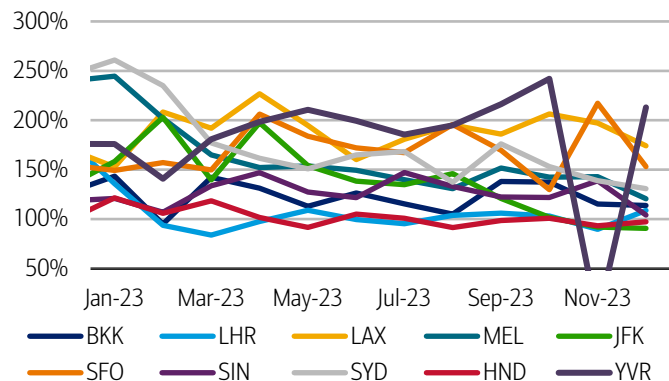


Source: Company reports, BofA Global Research estimates

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Exhibit 37: CX key route airfare (% of 2019), 2023

Transpacific pricing normalizing a little

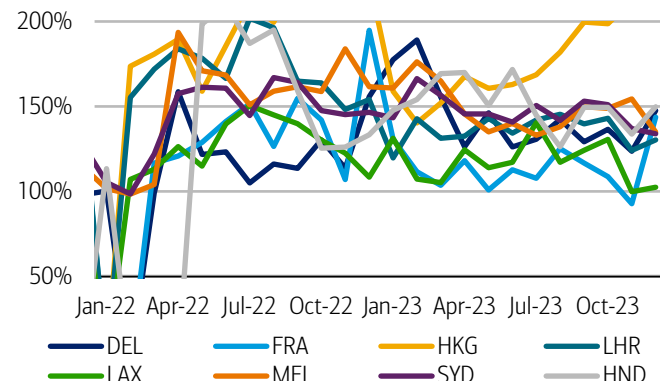


Source: OAG

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Exhibit 38: SIA – key route airfare as % of 2019, 2023

SIA pricing broadly holding



Source: OAG

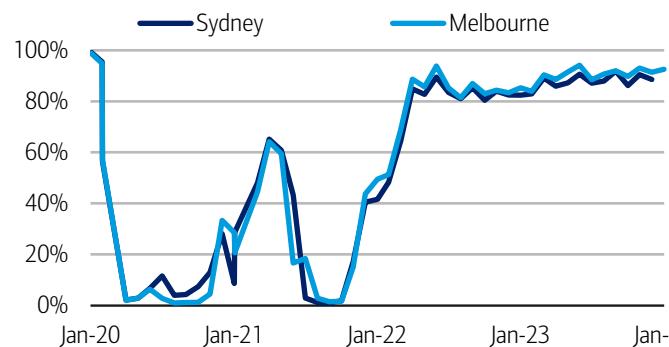
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Australia travel trends

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

Exhibit 39: SYD & MEL airport domestic traffic as % of 2019

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

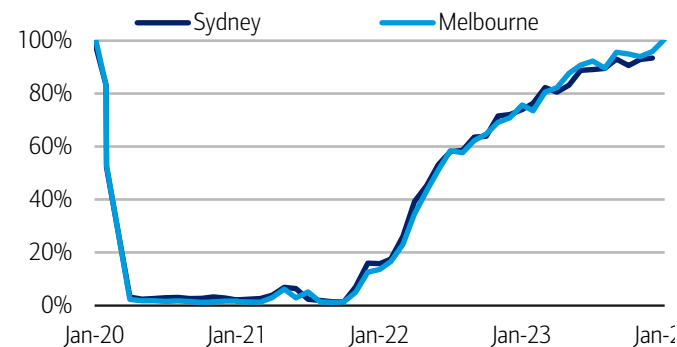


Source: Company reports

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Exhibit 40: 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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^{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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