

Asia Pacific Aviation Nowcast

Nowcast #95: High frequency air travel reads across China and Asia

Industry Overview

Real time tracking Asian travel trends

Our 95th Nowcast shows high frequency travel trends across Asia. Chinese domestic air travel spending in December tracked 23% above 2019 levels in 2H Dec with traffic broadly in-line with 2019 levels and pricing strengthening to 24% above 2019 representing the highest since October Golden Week. Chinese outbound traffic continues to improve in 2H Dec with 10% more international flights executed relative to 1H Dec and 18% more MoM. Chinese outbound demand to travel to Thailand remains strong and should be further facilitated by permanent visa-free policy announcement in early Jan, while Japan is seeing some cancellations following the earthquake.

China domestic: Spending tracking 23% above 2019

Chinese domestic air travel spending normalized slightly to 23% above 2019 levels, down from 33% above normal levels 1H December but passing the bottom in November. 2H Dec saw yields strengthen to 24% above 2019 levels, up from 19% above normal levels in 1H Dec, while seat loads improved to 78.2% from 77.6% in November. Domestic air traffic in 2H December was broadly in-line with 2019 levels.

China outbound: Continued recovery into 2024

Chinese outbound continued to improve MoM in 2H December with +18% more international flights and +6% more regional flights flown. Our channel checks suggest seat loads and yields slightly softened for Korea as airlines added capacity, while interest in Thailand remains strong given record cold temperatures in China, and the permanent visa-free policy between Thailand and China should continue to support demand. Meanwhile, some airlines (China Eastern, Cathay) cancelled flights to Japan due to the earthquake which should be a one-off event.

New Year demand: Changsha and Chengdu getting popular

Over 135mn people in China travelled during the three-day New Year holiday (9.4% higher than 2019) with over 5mn passengers estimated to have travelled by air. The most popular domestic routes were Beijing – Shenzhen and Beijing/Shanghai – Chengdu, each recording over 30% growth compared to 2019 levels. The most popular domestic destinations were Chengdu and Changsha (+50% more flights than 2019 levels), Changchun/Harbin for skiing resorts, and Wuhan and Haikou (+20% more than 2019 levels). Internationally, Korea/Japan/Thailand remain the top three international destinations, followed by Singapore and Malaysia. The big three airlines flew 5%-14% more flights during the holiday than 2019, and Spring flew 26% more than pre-COVID levels for the same holiday period.

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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

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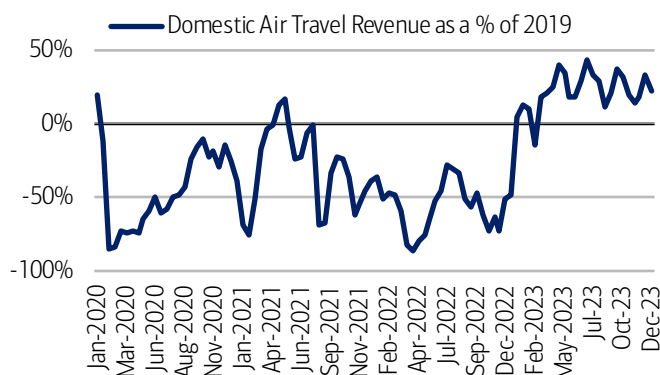
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Chinese air travel trends

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

2H Dec industry revenue exceeded 2019 levels by +23%; +33% in 1H Dec

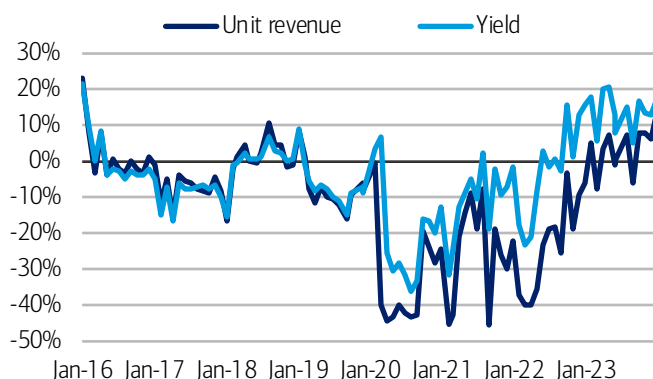


Source: ESI, BofA Global Research

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

Unit revenue at 115% and yield at 118% of 2019 levels in December

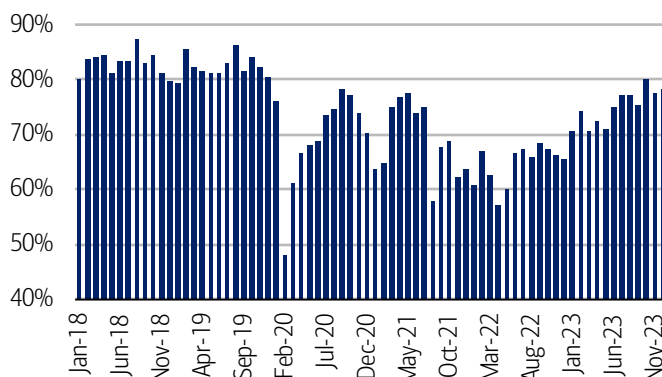


Source: ESI, BofA Global Research

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

Domestic seat loads improved to 78.2% in December from 77.6% in Nov

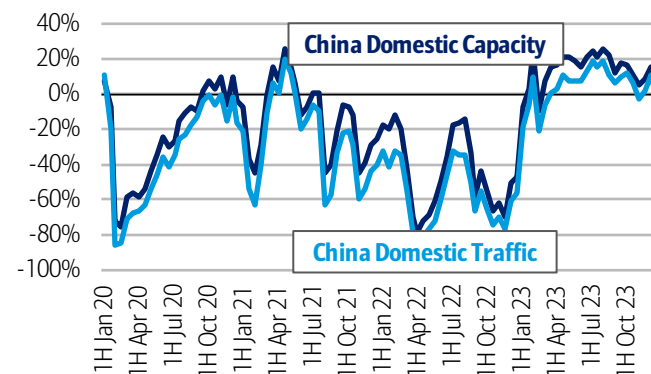


Source: ESI, BofA Global Research

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

Domestic air traffic at almost 100% and supply at 105% of normal in 2H Dec

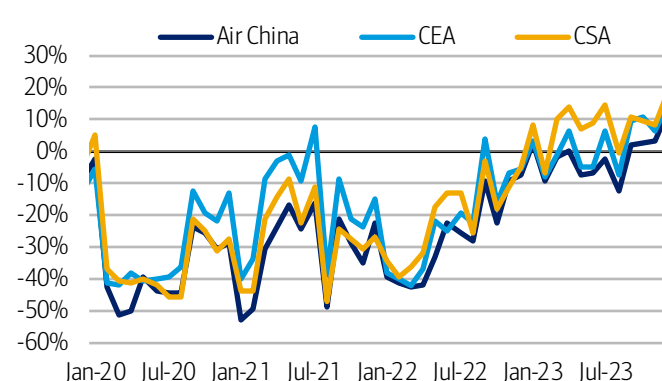


Source: ESI, BofA Global Research. Data from 1H January 2020

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

Unit revenue is 112-118% of 2019 levels for the Big 3 airlines

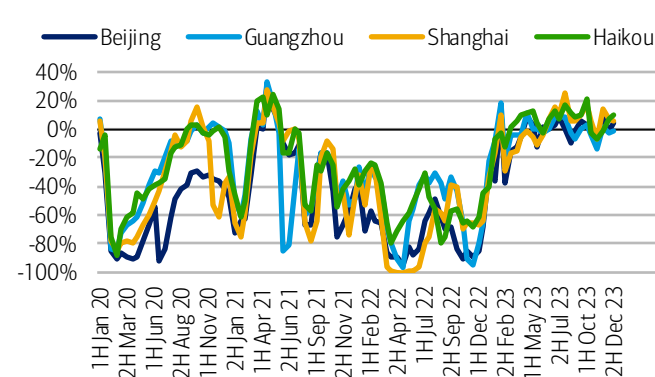


Source: ESI, BofA Global Research

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Exhibit 6: Chinese airports domestic traffic growth vs 2019

Hainan airport led traffic recovery and exceeded 2019 levels by 10%

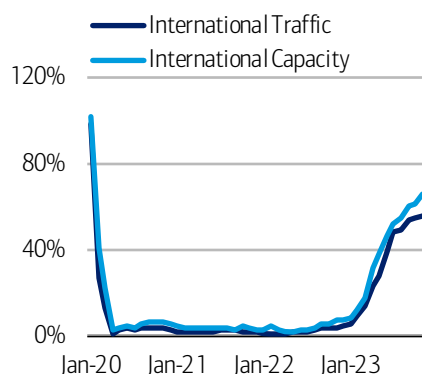


Source: ESI, BofA Global Research

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Exhibit 7: Air China international traffic and capacity as % of 2019 levels, 2020-23

Int'l traffic at 56% of 2019 levels in November

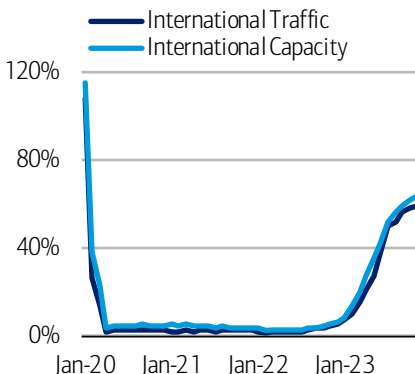


Source: Company reports, BofA Global Research

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Exhibit 8: China Eastern – international traffic and capacity as % of 2019 levels, 2020-23

Int'l traffic at 60% of 2019 levels in November

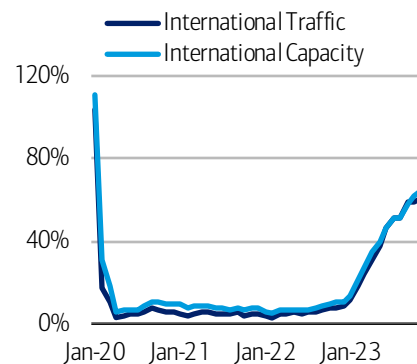


Source: Company reports, BofA Global Research

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Exhibit 9: China Southern – international traffic and capacity as % of 2019 levels

Int'l traffic at 64% of 2019 levels in November



Source: Company reports, BofA Global Research

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Exhibit 10: China short-haul outbound by ASK, 2023-24

Seat recovery led by shorter haul flights

	Thailand	Japan	Singapore	Malaysia	HK	Korea	Indonesia	Taiwan	Cambodia	Vietnam	Philippines	Macau
2023-10	41%	48%	81%	66%	74%	61%	49%	47%	21%	43%	37%	81%
2023-11	40%	42%	76%	57%	84%	62%	51%	50%	17%	47%	40%	83%
2023-12	50%	47%	85%	61%	93%	63%	50%	53%	21%	57%	38%	86%
2024-01	53%	76%	101%	58%	72%	76%	49%	46%	23%	63%	48%	104%
2024-02	55%	78%	99%	79%	75%	78%	52%	44%	23%	61%	47%	106%
2024-03	54%	76%	94%	73%	75%	77%	51%	47%	24%	65%	46%	109%

Source: OAG, BofA Global Research

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Exhibit 11: China long-haul outbound by ASK, 2023-24

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

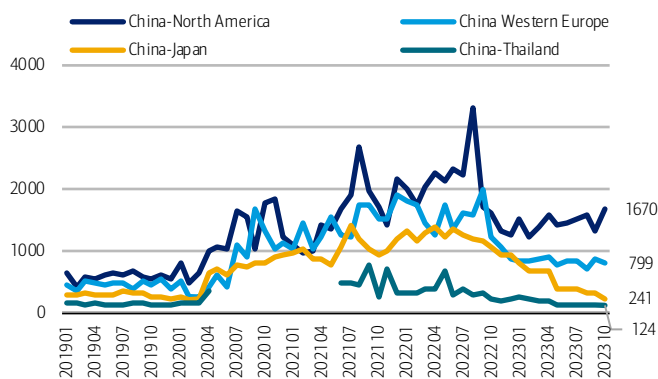
	USA	Australia	Canada	France	Germany	UAE	UK	Russia	NZ	Netherlands	Italy	Qatar
2023-10	12%	72%	10%	38%	62%	89%	105%	50%	83%	60%	108%	95%
2023-11	19%	77%	12%	57%	81%	93%	89%	63%	85%	62%	115%	104%
2023-12	21%	93%	12%	60%	89%	97%	117%	74%	100%	67%	124%	119%
2024-01	22%	87%	12%	61%	94%	103%	129%	85%	94%	83%	170%	126%
2024-02	24%	90%	13%	68%	98%	106%	133%	92%	107%	84%	182%	130%
2024-03	33%	97%	11%	64%	87%	104%	125%	90%	83%	81%	172%	126%

Source: OAG, BofA Global Research

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Exhibit 12: China international airfare in USD, 2019 - October 2023

China-US airfare still at over \$1600 in October

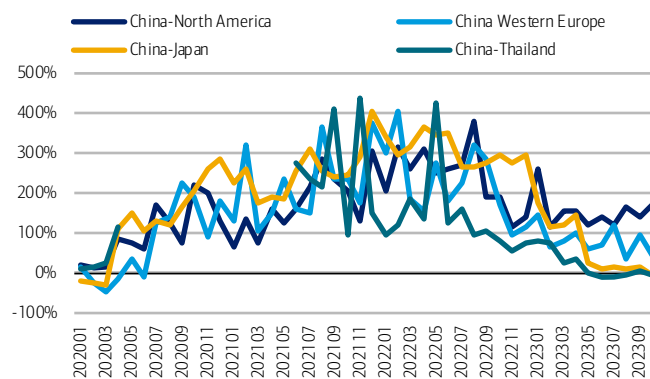


Source: OAG

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Exhibit 13: China int'l airfare (% of 2019), 2020- October 2023

China-US airfare at 170% of pre-COVID levels in October



Source: OAG

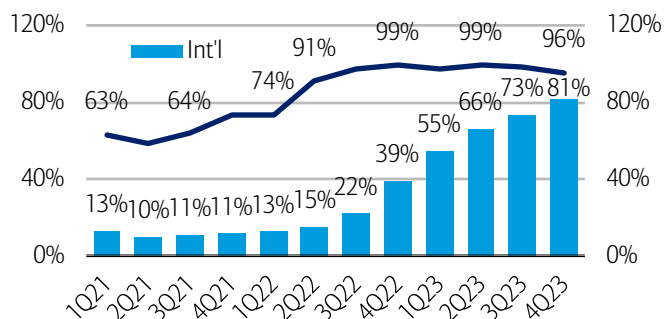
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Japan travel trends

Domestic and international flights recovery continue to be led by JAL. Inbound recovery likely to continue in December into year end. JR Central Shinkansen traffic for both Osaka and Tokyo gate now nearly back to normal in early December.

Exhibit 14: Japan international capacity as % of 2019, 2021-23

International ramping to 70-80% of normal in coming quarters

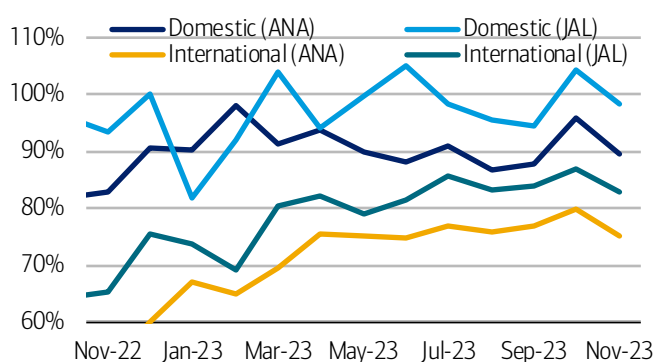


Source: Diio

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Exhibit 16: JAL + ANA traffic % of normal 2022-23

JAL to lead recovery by ~8ppts for both international and domestic flights



Source: Company reports

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Exhibit 18: Japan short-haul outbound by ASK, 2023-24

Flights to China are quickly restoring

	China	Thailand	HK	Taiwan	Singapore	Korea	Vietnam	Philippines	Malaysia	Indonesia	India
2023-10	48%	58%	81%	82%	91%	125%	105%	81%	82%	66%	100%
2023-11	42%	57%	88%	88%	100%	147%	111%	83%	78%	70%	86%
2023-12	47%	57%	90%	88%	94%	143%	106%	84%	81%	68%	86%
2024-01	76%	64%	92%	100%	102%	103%	114%	105%	89%	60%	93%
2024-02	79%	63%	93%	100%	106%	108%	117%	105%	95%	69%	111%
2024-03	75%	59%	89%	96%	106%	98%	112%	101%	84%	64%	108%

Source: OAG, BofA Global Research

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Exhibit 19: Japan long-haul outbound by ASK, 2023-24

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

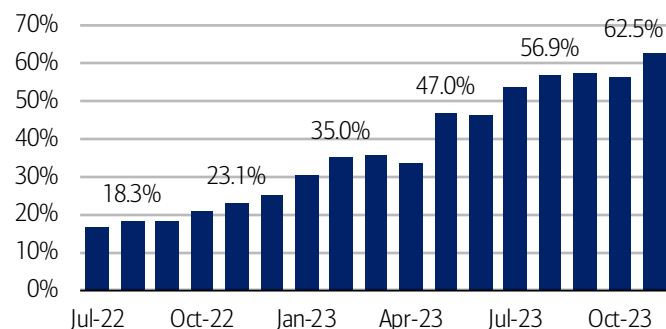
	USA	Germany	Australia	France	UAE	UK	Canada	Finland	Qatar	Netherlands	Italy
2023-10	91%	66%	88%	66%	102%	78%	124%	48%	103%	25%	50%
2023-11	95%	70%	93%	67%	104%	82%	130%	67%	92%	70%	44%
2023-12	95%	66%	104%	64%	104%	74%	129%	64%	92%	67%	55%
2024-01	99%	70%	119%	74%	107%	79%	142%	77%	90%	76%	49%
2024-02	101%	69%	128%	78%	112%	93%	147%	76%	93%	76%	50%
2024-03	97%	66%	130%	74%	109%	91%	141%	67%	138%	71%	71%

Source: OAG, BofA Global Research

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Exhibit 15: Japanese outbound traffic as % of 2019, 2022-23

Return of international business travels likely help further recovery

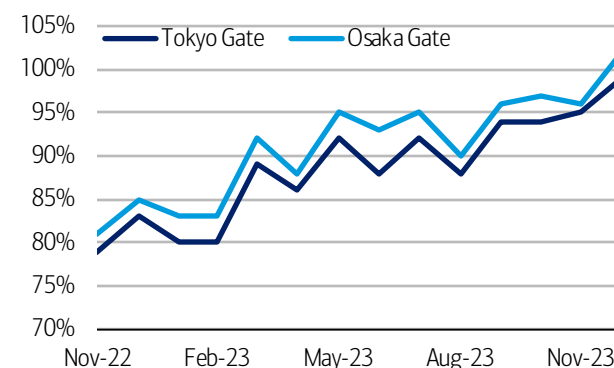


Source: JNTO

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Exhibit 17: JR Central Shinkansen traffic % of normal by gate

Both Osaka and Tokyo gates at near full recovery in December



Source: Company reports

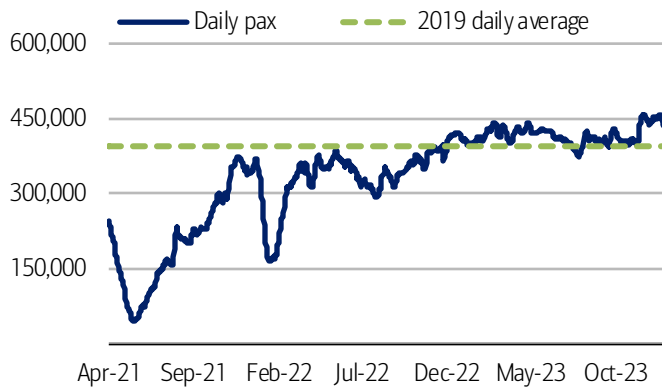
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Indian air travel trends

Indian domestic air traffic up since reopening.

Exhibit 20: Indian domestic air passengers (# 7D MA), 2021-23

Indian domestic air passengers remained > 2019 levels in December

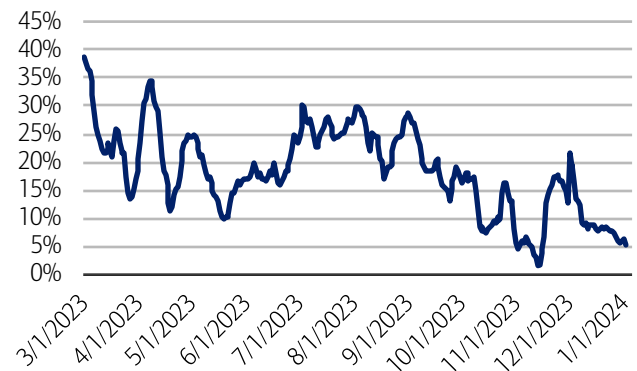


Source: MoCA

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Exhibit 21: Indian domestic air passengers YoY growth (# 7D MA), 2023

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



Source: MoCA

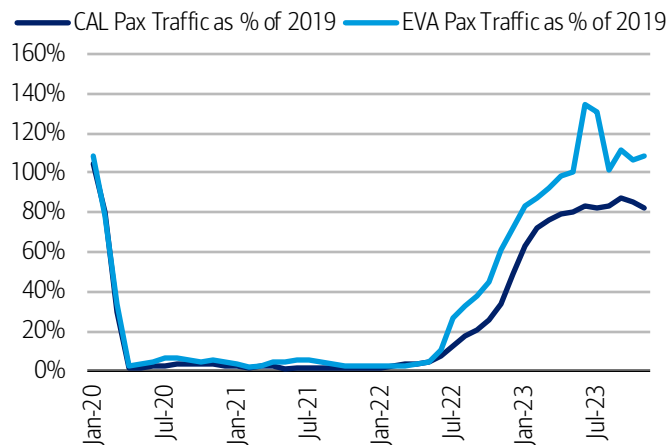
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Taiwan air travel trends

Taiwan's air traffic is still strong in November 2023 but normalizing:

Exhibit 22: CAL & EVA - Passenger Traffic as % of 2019, 2020-2023

CAL/EVA's passenger traffic at 82%/109% of normal in November 2023

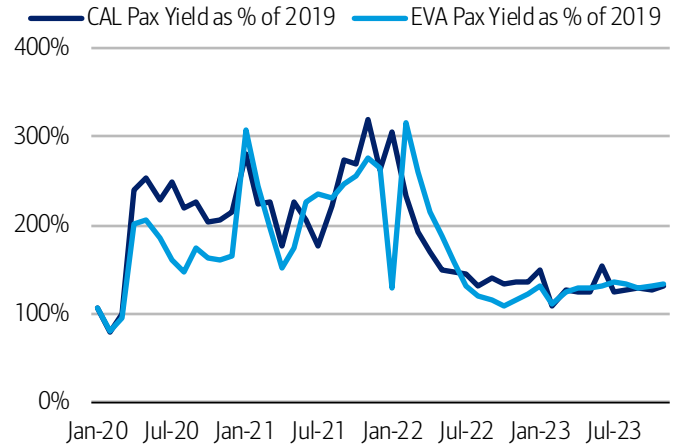


Source: Company reports, BofA Global Research estimates

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Exhibit 23: CAL & EVA - Passenger Yield as % of 2019, 2020-2023

CAL/EVA's passenger yield at 131%/133% of normal in November 2023



Source: Company reports, BofA Global Research estimates

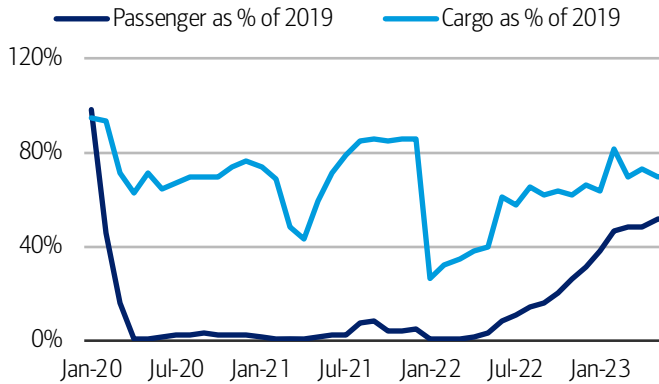
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Long haul travel trends

CX passenger have recovered to 65% of normal while SIA group passengers are up to 95% of normal in November.

Exhibit 24: CX – Passenger & cargo as % of 2019, 2020-2022

CX traffic back to 65% of normal in November 2023

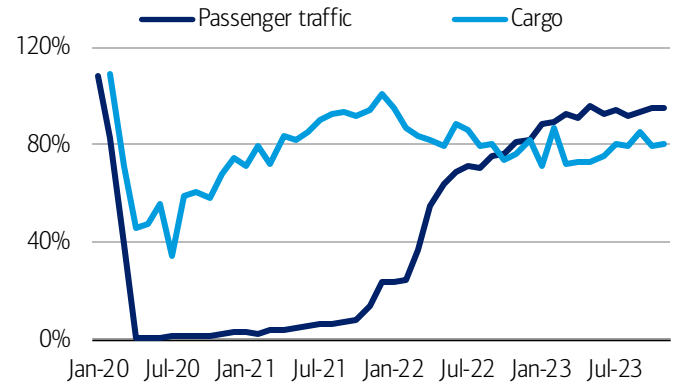


Source: Company reports, BofA Global Research estimates

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Exhibit 25: SIA – passenger & cargo as % of 2019, 2020-2022

SIA traffic at 95% of normal in November 2023

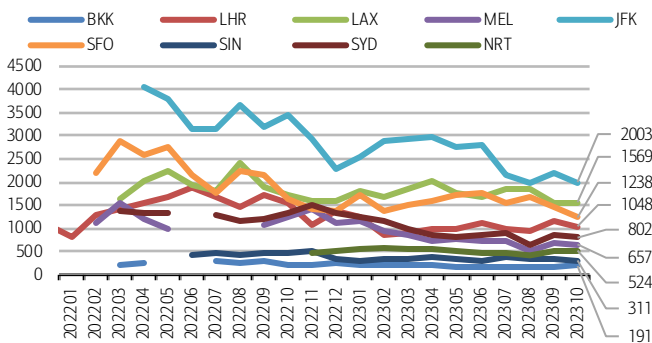


Source: Company reports, BofA Global Research estimates

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Exhibit 26: CX international airfare in USD, 2019 - October 2023

Hong Kong airport-JFK airfare at over \$2000 in October

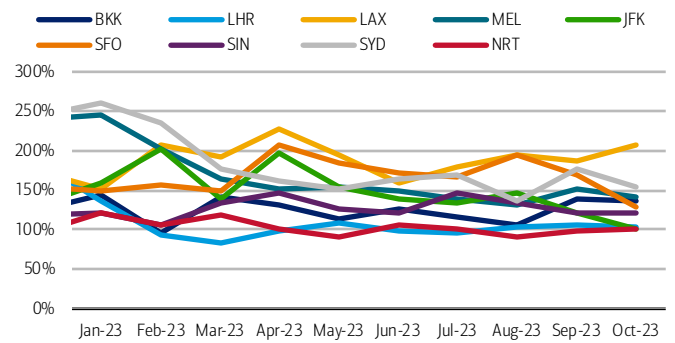


Source: OAG

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Exhibit 27: CX int'l airfare (% of 2019), 2020- October 2023

Hong Kong airport-LAX airfare at over 100% of pre-Covid levels in October



Source: OAG

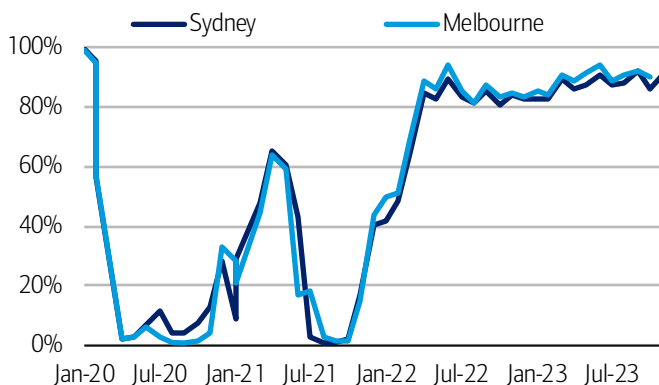
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Australia travel trends

Australia domestic and international traffic has recovered to around 90% of normal:

Exhibit 28: SYD & MEL airport domestic traffic as % of 2019

Domestic traffic at Sydney at 90% of normal in November

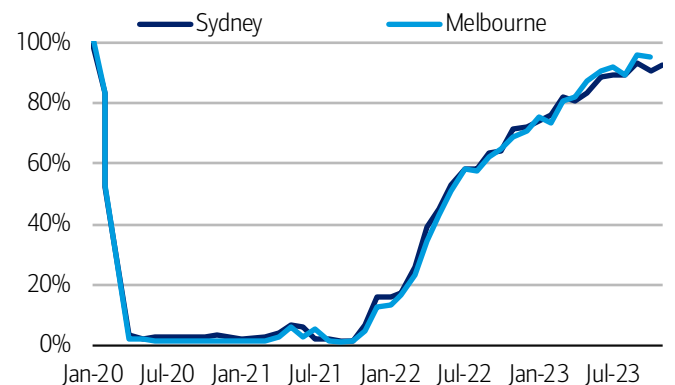


Source: Company reports

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Exhibit 29: SYD & MEL airport international traffic as % of 2019

International traffic at Sydney at 93% of normal in November



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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