

Asia Pacific Aviation Nowcast

Nowcast #97: High frequency air travel reads across China and Asia

Industry Overview

Real time tracking Asian travel trends

Our 97th Nowcast shows high frequency travel trends across Asia. Chinese domestic air travel spending in January tracked 31% above 2019 levels while international was 73% of normal levels. Domestic traffic and pricing were 13%/12% above 2019 levels, and international traffic and pricing were at 69%/106% of normal levels. For the first week of CNY flight season (Jan 26-Feb 1), traffic volume exceeded 2019 levels by 17.5% and Korea continues to be the most visited international destinations, although Thailand was the one seeing most significant flight additions towards end-January.

China domestic: January revenue 131% of 2019 levels

Chinese domestic air travel spending trended 23% above 2019 levels in 2H January, and 31% above normal levels for the entire month of January. 2H Jan saw yields strengthen to 13% above 2019 levels and traffic levels 12% above normal levels. Seat loads also strengthened to 79.6% in January – up from 78.3% in December. Both Guangzhou and Shanghai led traffic recovery which came 12% ahead of 2019 levels in 2H January.

China outbound: January revenue 73% of 2019 levels

Chinese international air travel spending recovered to 73% of pre-Covid levels with traffic/yield back to 69%/106% levels. 2H Jan saw 10% HoH more international plus regional flights executed than 1H Jan, with -2% HoH fewer cancellations. The most significant additions were for Thailand, with 8% HoH more flights scheduled in 2H January than 1H, followed by Singapore at 4.4% HoH more. However, flights to Europe reduced by -3.8% HoH. Meanwhile, Shanghai Pudong has seen the best traffic recovery with international traffic back to 83% of pre-Covid levels.

Japan: seasonal slowdown but outlook remain robust

Overall Japanese rail traffic recovered better than anticipated in 3Q from both leisure and inbound demand. Business demand steadily improved, and JRs sees room for recovery still in 2024. 4Q (Jan-Mar) represents a seasonally slower season but the broader outlook for recovery remains on track for FY3/25.

Chinese New Year Ahead: Average pricing 12% above 2019

The 40-day CNY flight season officially kicked off from January 26th, and air passengers for the first week of CNY flight season was 17.5% above 2019 levels, carried by 6.6% more flights than the same week in 2019. Korea remains the most popular destination with 869 flights executed for the week, followed by Japan at 824 and Thailand at 784. 41% international flights headed towards Southeast Asia, followed by East Asia at 34%, Europe at 10%, and Oceania at 4%. Across both int'l and domestic destinations, China Southern continues to be the busiest flyer with 10.7% more flights flown than 2019, and the top 20 airlines collectively provided 91% capacity for the first week of CNY season.

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CNY: Chinese New Year

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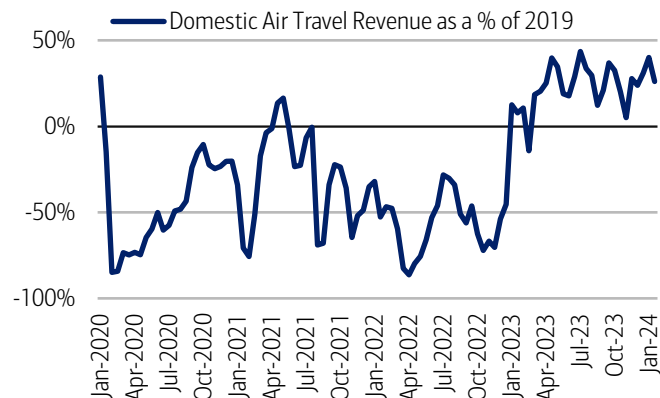
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Chinese air travel trends - 1H January

Domestic Rev +26%, Traffic +12%, Yield +13% of 2019

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

2H Jan industry revenue exceeded 2019 levels by +26%, +31% for entire Jan

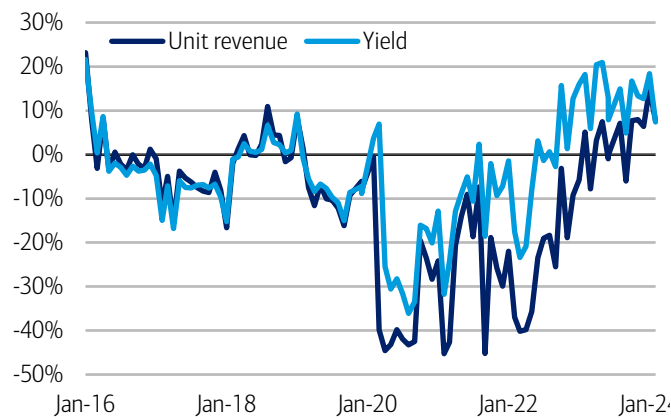


Source: ESI, BofA Global Research

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

Unit revenue at 108% and yield at 107% of 2019 levels in January

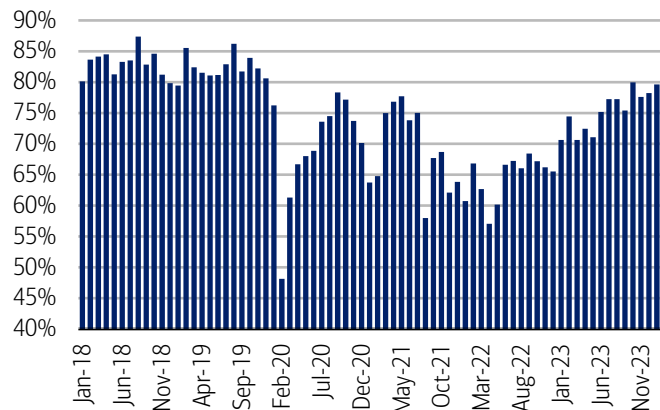


Source: ESI, BofA Global Research

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

Domestic seat loads further improves to 79.6% in January

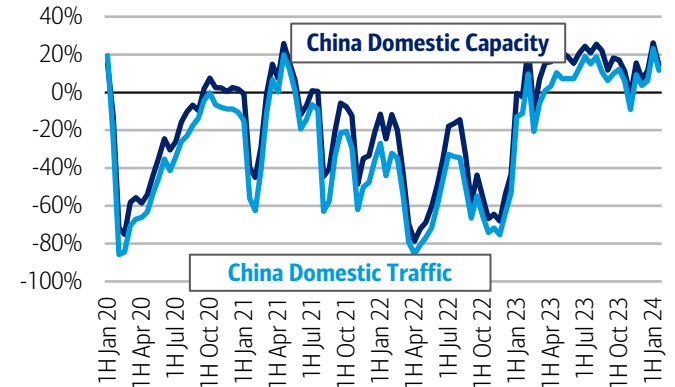


Source: ESI, BofA Global Research

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

Domestic air traffic at 112% and supply at 115% of normal in 2H Jan

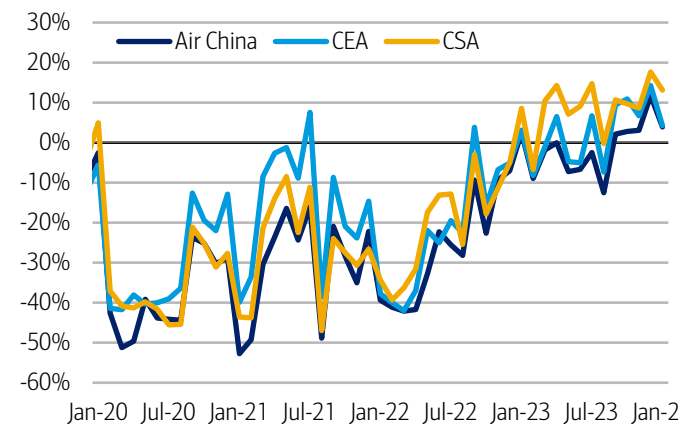


Source: ESI, BofA Global Research. Data from 1H January 2020

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

Unit revenue is 106-109% of 2019 levels for the Big 3 airlines in January

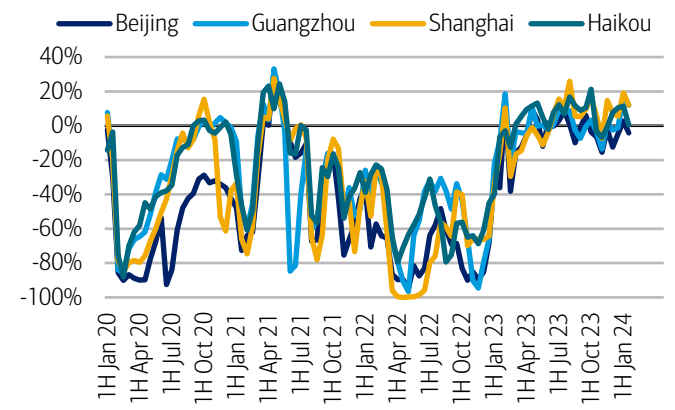


Source: ESI, BofA Global Research

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Exhibit 6: Chinese airports domestic traffic growth vs 2019

Shanghai and Guangzhou saw traffic 12% higher than 2019 in January



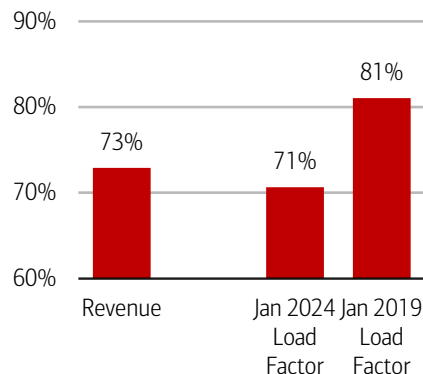
Source: ESI, BofA Global Research

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Int'l: Revenue 73%, Volume 69%, Yield 106% of 2019

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

Chinese international air travel revenue has recovered to 73% of pre-Covid levels

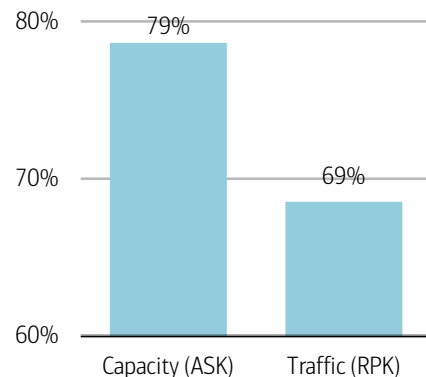


Source: ESI, BofA Global Research

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

Chinese international air travel traffic has recovered to 69% of pre-Covid levels

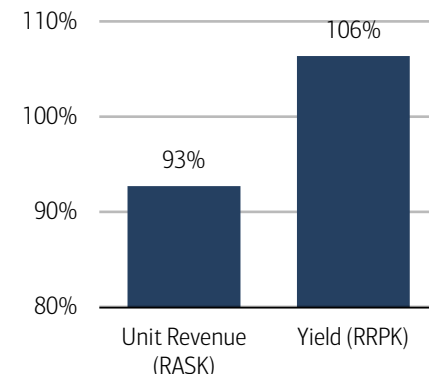


Source: ESI, BofA Global Research

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

Chinese international air travel yield has recovered to 106% of pre-Covid levels

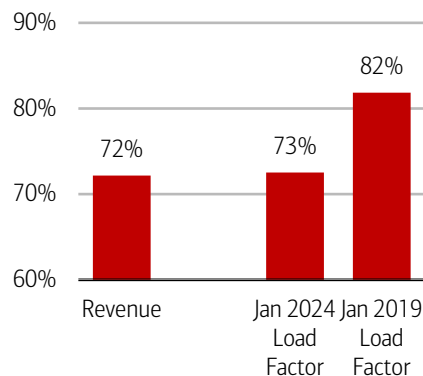


Source: ESI, BofA Global Research

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

Big three international air travel revenue has recovered to 72% of pre-Covid levels

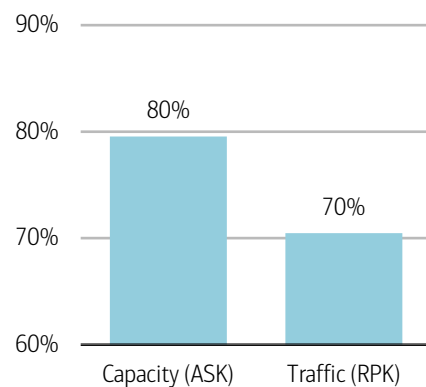


Source: ESI, BofA Global Research

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

Big three international air travel traffic has recovered to 70% of pre-Covid levels

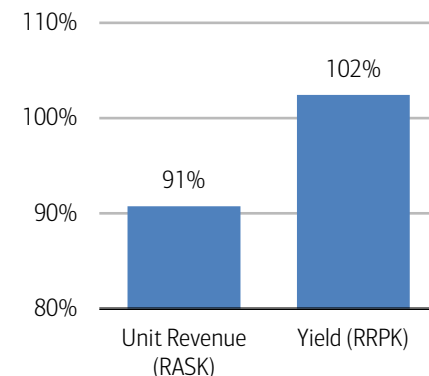


Source: ESI, BofA Global Research

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

Big three international air travel yield has recovered to 102% of pre-Covid levels

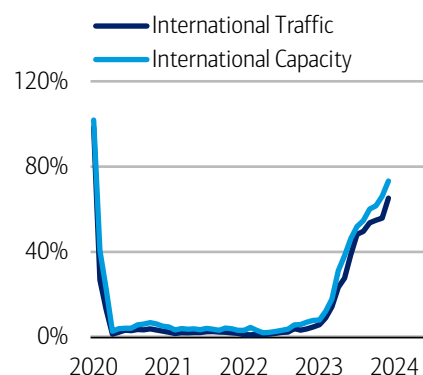


Source: ESI, BofA Global Research

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

Int'l traffic at 65% of 2019 levels in December

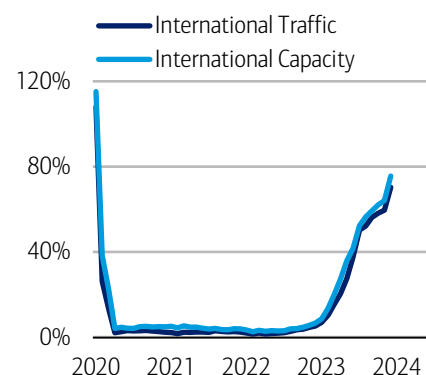


Source: Company reports, BofA Global Research

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

Int'l traffic at 70% of 2019 levels in December

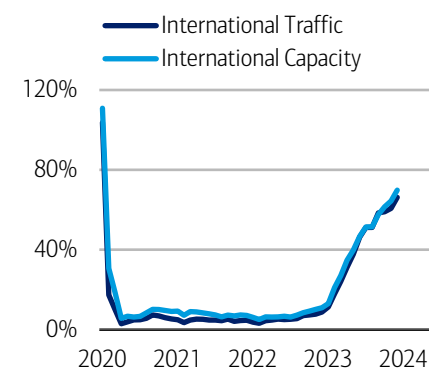


Source: Company reports, BofA Global Research

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

Int'l traffic at 66% of 2019 levels in December



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 | 55% | 75% | 100% | 57% | 70% | 78% | 51% | 54% | 26% | 71% | 51% | 102% |
| 2024-02 | 62% | 79% | 103% | 83% | 75% | 82% | 55% | 50% | 27% | 74% | 56% | 105% |
| 2024-03 | 56% | 77% | 94% | 76% | 75% | 81% | 55% | 55% | 26% | 76% | 57% | 105% |
| 2024-04 | 41% | 68% | 79% | 68% | 83% | 71% | 46% | 52% | 22% | 57% | 65% | 87% |
| 2024-05 | 41% | 66% | 82% | 65% | 83% | 69% | 48% | 51% | 22% | 56% | 62% | 85% |
| 2024-06 | 41% | 66% | 82% | 67% | 84% | 68% | 49% | 51% | 24% | 54% | 61% | 85% |

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

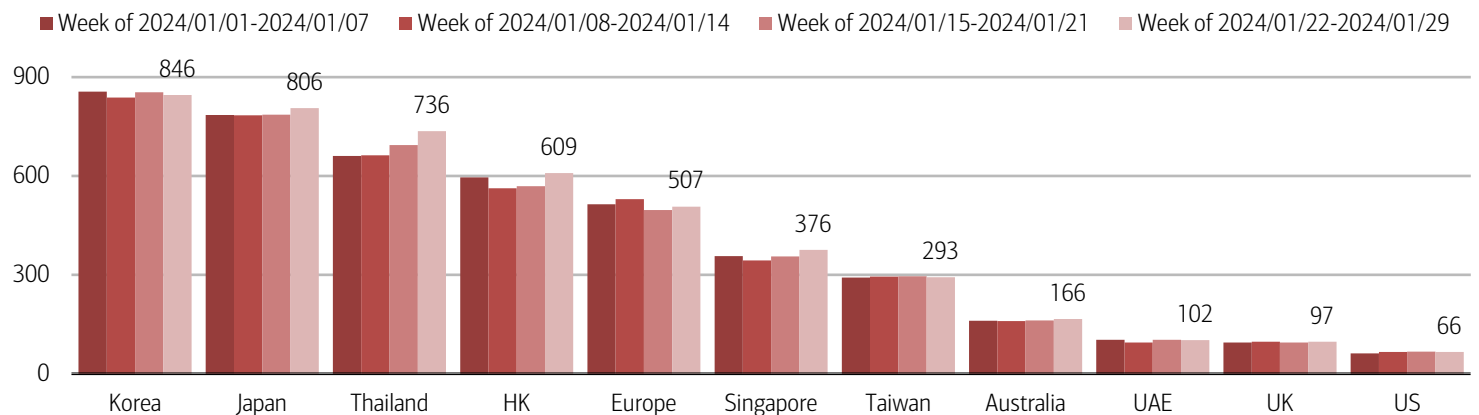
| | USA | Australia | Canada | France | Germany | UAE | UK | Russia | NZ | Netherlands | Italy | Qatar |
|---------|-----|-----------|--------|--------|---------|------|------|--------|------|-------------|-------|-------|
| 2024-01 | 22% | 86% | 12% | 59% | 91% | 99% | 129% | 78% | 95% | 81% | 161% | 126% |
| 2024-02 | 24% | 89% | 13% | 66% | 97% | 96% | 131% | 91% | 109% | 82% | 179% | 130% |
| 2024-03 | 33% | 95% | 12% | 64% | 86% | 90% | 124% | 86% | 84% | 80% | 169% | 125% |
| 2024-04 | 34% | 82% | 9% | 55% | 78% | 97% | 103% | 78% | 89% | 57% | 130% | 106% |
| 2024-05 | 33% | 88% | 10% | 56% | 80% | 101% | 108% | 68% | 94% | 57% | 134% | 104% |
| 2024-06 | 32% | 92% | 9% | 55% | 78% | 92% | 111% | 64% | 95% | 57% | 119% | 112% |

Source: OAG, BofA Global Research

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Exhibit 18: Number of Chinese outbound flights (Rolling four weeks)

China flew 26,592 international and regional flights for the 2H January, compared to 24,109 in 1H January

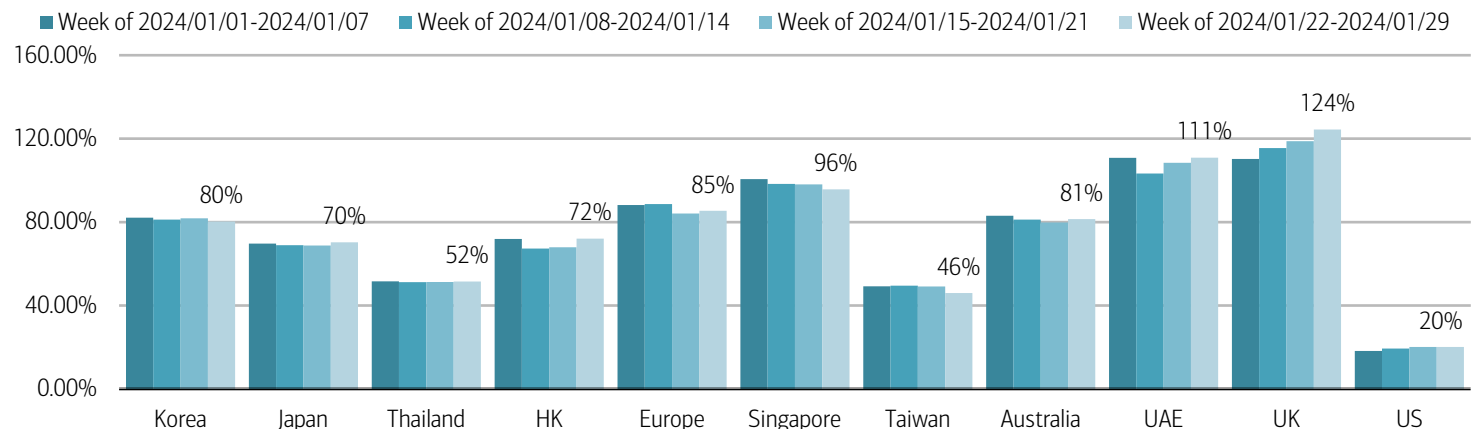


Source: DAST, BofA Global Research

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Exhibit 19: Recovery of Chinese outbound flights (Rolling four weeks)

China canceled 3,448 international and regional flights for the 2H January, compared to 3,525 in 1H January

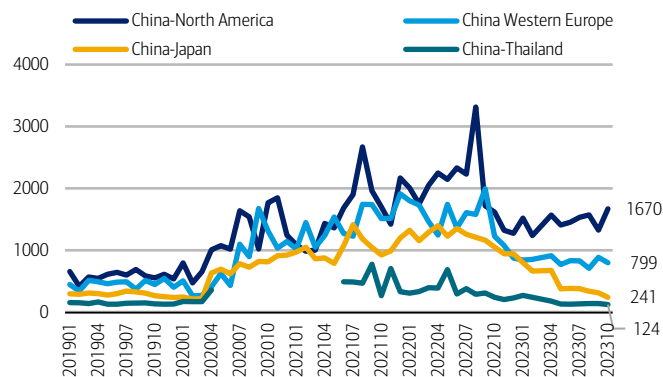


Source: DAST, BofA Global Research

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Exhibit 20: China international airfare in USD, 2019 - October 2023

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

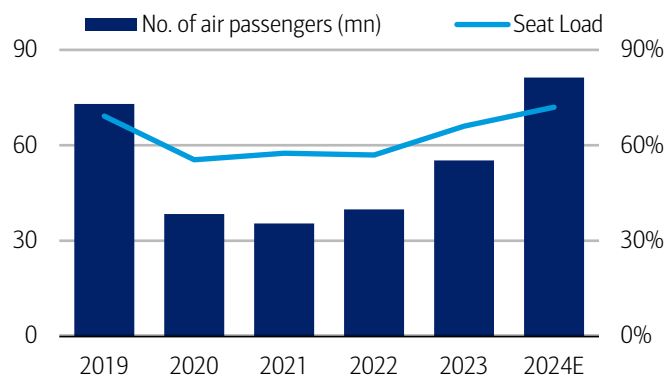


Source: OAG

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Exhibit 22: Projected number of air travelers for Chinese New Year

11.4% more people are expected to travel during the 2024 CNY

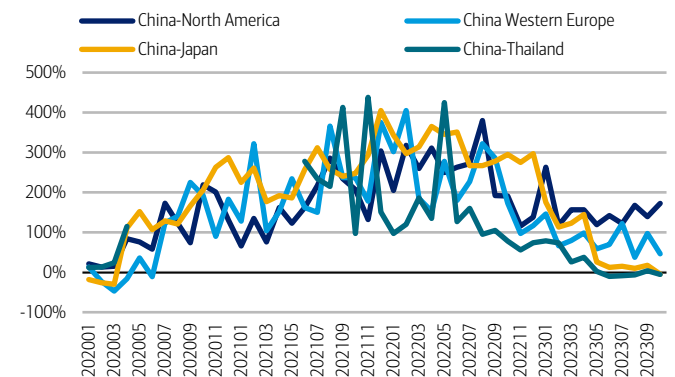


Source: DAST

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Exhibit 21: China int'l airfare (% of 2019), 2020- October 2023

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

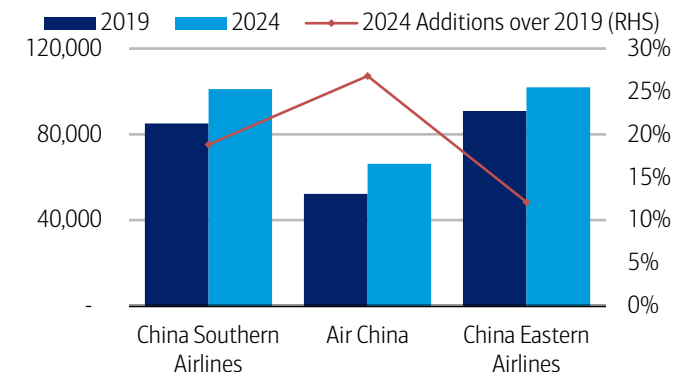


Source: OAG

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Exhibit 23: Seat plans for the big three airlines during CNY

CSA is expected to have the largest additions in number of seats but CA is expected to have the largest percentage additions in 2024 v. pre-Covid

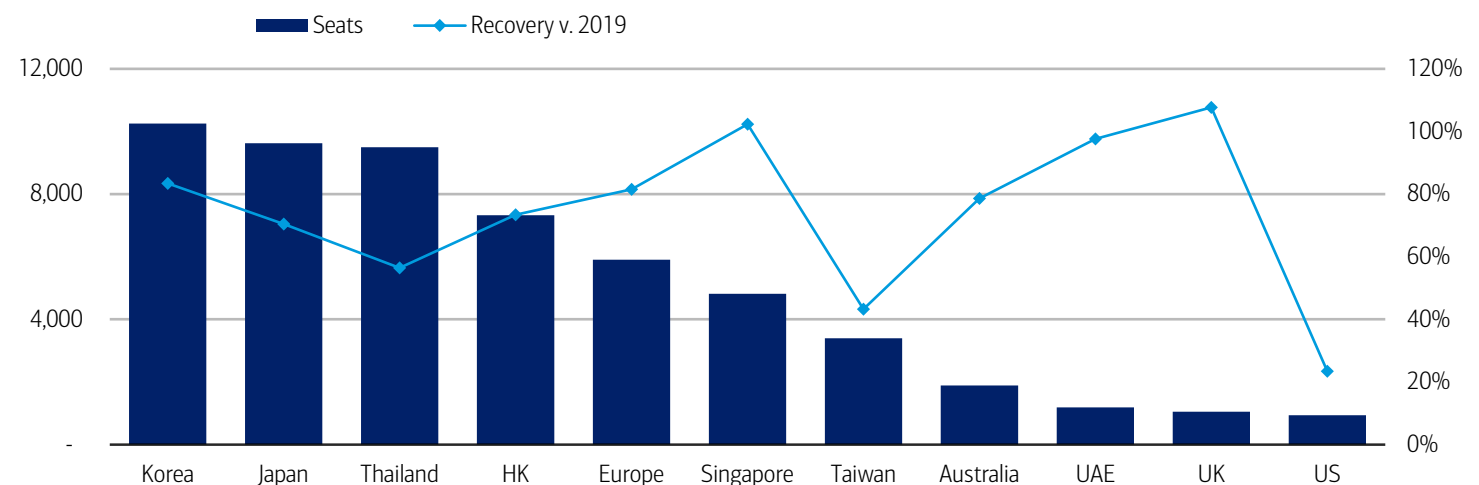


Source: DAST

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Exhibit 24: Seat plans by international and regional destinations during the 40-day CNY season

Korea, Japan, and Thailand remain the most popular destinations



Source: DAST

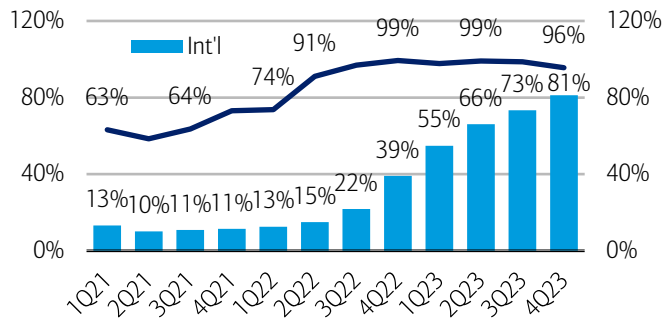
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Japan travel trends

Outlook for inbound traffic in 2024 remains robust. JR raised inbound revenue estimate significantly from their original guidance and strong inbound revenue increase will likely persist into 2024. Shinkansen and conventional rail traffic recover faster than anticipated but JR still sees some room for recovery left in 2024.

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

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

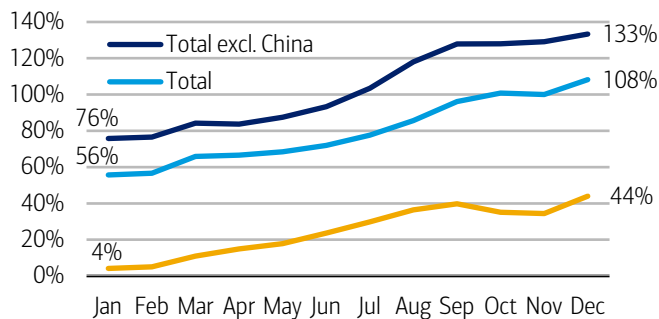


Source: Diio

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Exhibit 27: Japan inbound tourism % of normal, 2023

Total inbound volume in December was 108% 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% |
| 2024-04 | 71% | 60% | 81% | 90% | 104% | 79% | 109% | 85% | 86% | 67% | 144% |
| 2024-05 | 69% | 61% | 84% | 88% | 99% | 79% | 110% | 85% | 97% | 69% | 142% |
| 2024-06 | 69% | 64% | 85% | 89% | 101% | 77% | 111% | 86% | 97% | 67% | 142% |

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

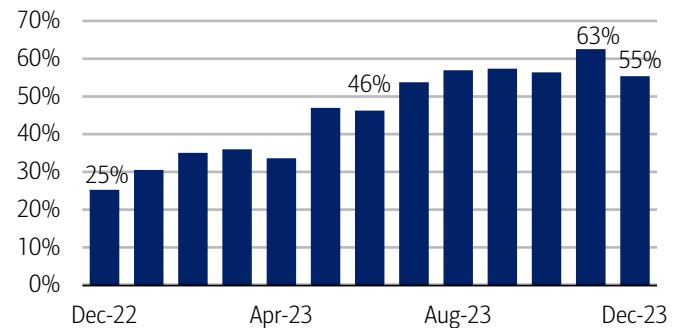
| | USA | Germany | Australia | France | UAE | UK | Canada | Finland | Qatar | Netherlands | Italy |
|---------|------|---------|-----------|--------|------|-----|--------|---------|-------|-------------|-------|
| 2024-01 | 98% | 69% | 119% | 68% | 107% | 79% | 141% | 76% | 89% | 76% | 49% |
| 2024-02 | 101% | 68% | 129% | 73% | 112% | 88% | 146% | 76% | 93% | 76% | 50% |
| 2024-03 | 97% | 66% | 130% | 75% | 109% | 87% | 145% | 67% | 138% | 71% | 71% |
| 2024-04 | 102% | 76% | 144% | 87% | 112% | 95% | 157% | 66% | 123% | 47% | 58% |
| 2024-05 | 103% | 80% | 157% | 88% | 116% | 95% | 160% | 62% | 124% | 47% | 58% |
| 2024-06 | 101% | 80% | 165% | 85% | 109% | 96% | 137% | 67% | 123% | 47% | 58% |

Source: OAG, BofA Global Research

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Exhibit 26: Japanese outbound traffic as % of 2019, 2022-23

Return of international business travels likely help further recovery

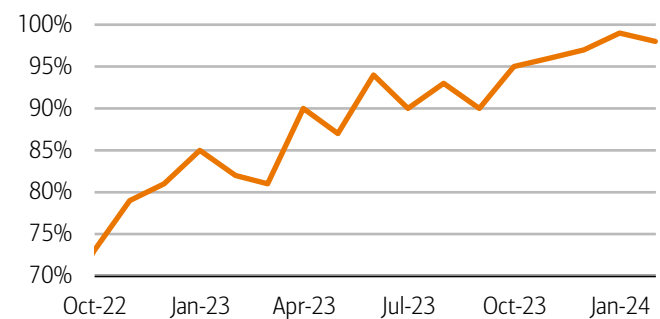


Source: JNTO

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Exhibit 28: JR Central Nozomi Shinkansen traffic % of normal

Nozomi traffic recovery 98% of normal on average between Nov-Jan



Source: Company reports

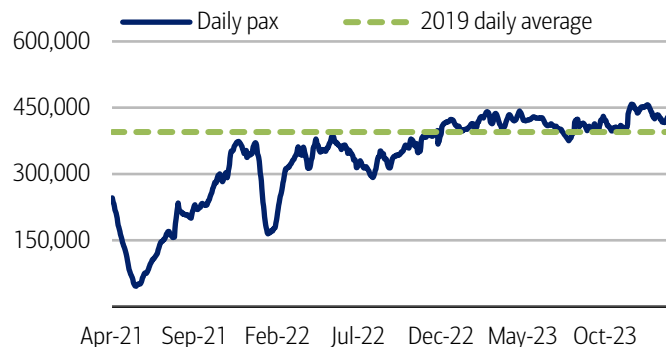
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Indian air travel trends

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 January 2024



Source: MoCA

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

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



Source: MoCA

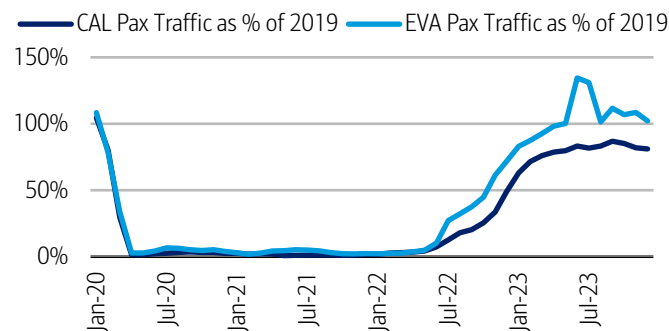
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Taiwan air travel trends

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

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

CAL/EVA's passenger traffic at 81/102% of normal in December 2023

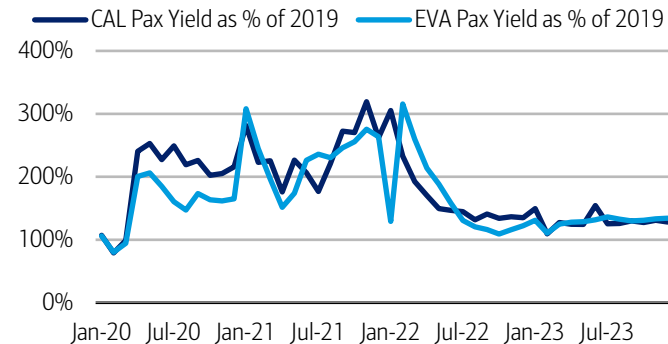


Source: Company reports, BofA Global Research estimates

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

CAL/EVA's passenger yield at 128%/134% of normal in December 2023



Source: Company reports, BofA Global Research estimates

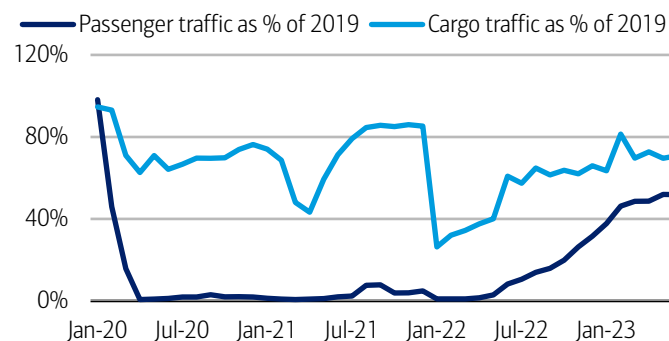
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Long haul travel trends

CX back to 60% of normal in November while SIA 95% of normal in December.

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

CX traffic back to 60% of normal in December 2023

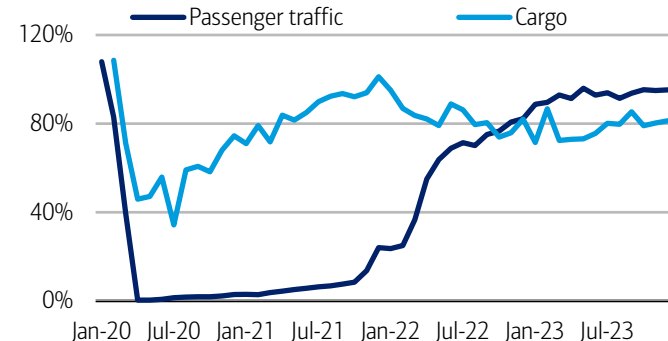


Source: Company reports, BofA Global Research estimates

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

SIA traffic at 95% of normal in December 2023

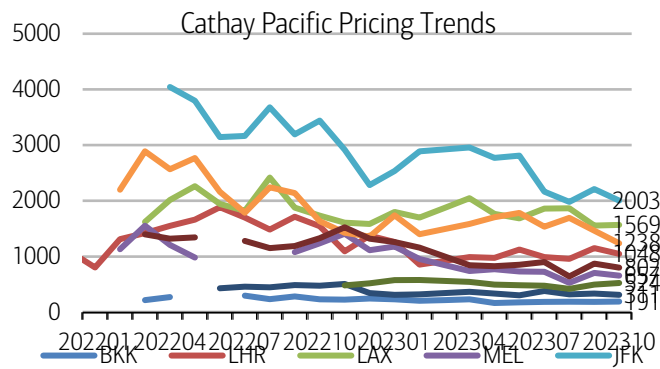


Source: Company reports, BofA Global Research estimates

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Exhibit 37: CX international airfare in USD, 2019 - October 2023

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

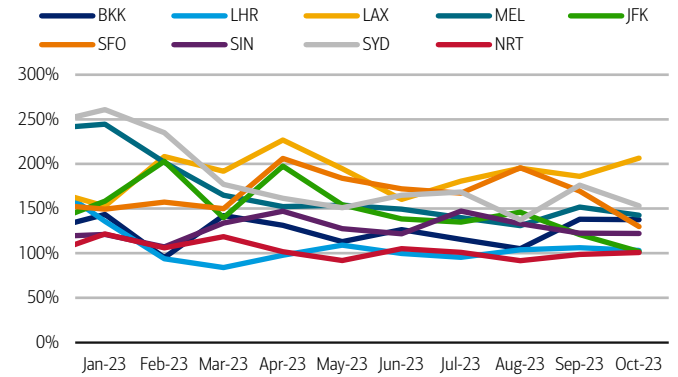


Source: OAG

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Exhibit 38: CX int'l airfare (% of 2019), 2020- October 2023

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

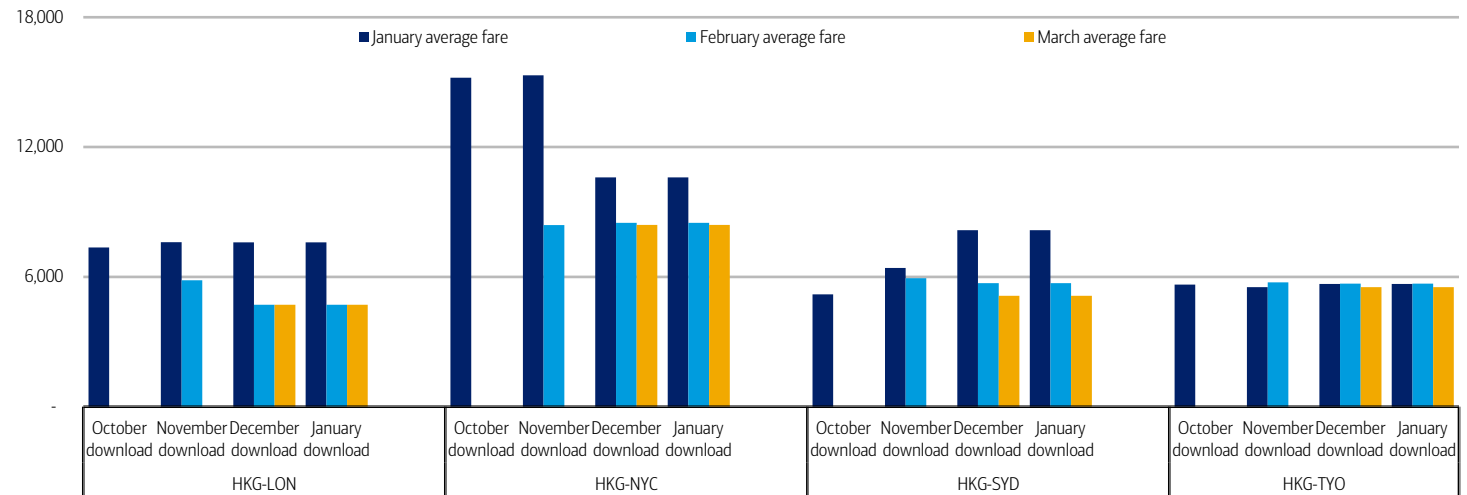


Source: OAG

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Exhibit 39: HKG to key destination forward-booking fares

Fare to Hong Kong to New York softened but fare to Sydney strengthened



Source: BofA Global Research estimates

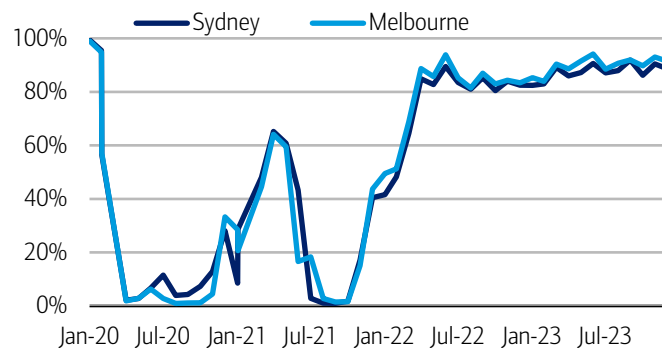
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Australia travel trends

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

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

Domestic traffic at Sydney/Melbourne at 89%/91% of normal in December

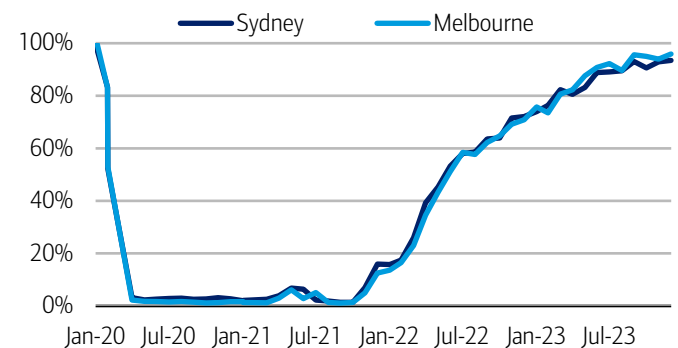


Source: Company reports

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

International traffic at Sydney/Melbourne at 93% of normal in December



Source: Company reports

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