

Asia Pacific Aviation Nowcast

Nowcast #96: High frequency air travel reads across China and Asia

Industry Overview

Real time tracking Asian travel trends

Our 96th Nowcast shows high frequency travel trends across Asia. Chinese domestic air travel spending in January tracked 40% above 2019 levels in 1H Jan with traffic 23% and pricing 14% above 2019 levels. Chinese int'l traffic recovered to 71% of pre-Covid 2020 levels, with traffic/yields back to 65%/109% of normal levels. Chinese air passengers are forecast to trend 11% higher than 2019 for the upcoming Chinese New Year holidays, with the Big 3 Chinese airlines adding 41,000 more flights for the 40-day CNY flight season, an 18% increase in number of flights planned.

China domestic: Spending 140% of 2019, 109% of 2020

Chinese domestic air travel spending trended 40% above 2019 levels in 1H January 2024, or 9% above pre-Covid 1H Jan 2020 - up from 28% above 2019 levels in December 2023. 1H Jan saw yields strengthen to 14% above 2019 levels which was slightly down from 22% above 2019 levels in December. Traffic levels were 23% above 2019 levels showing a strengthening relative to 5% above 2019 levels in December 2023. Seat loads remained at 78.3% at similar levels to December 2023.

China outbound: Revenue back to 71% of normal levels

Benchmarked against pre-Covid 1H Jan 2020, Chinese outbound spending recovered to 71% of pre-Covid levels with traffic/yields back to 65%/109% levels. Korea, Japan, and Thailand remain the three most popular destinations where airlines are adding significant seat capacity in 1Q24. However, airlines have reduced capacity to Hong Kong, Taiwan, and Australia for the remainder of the winter 2023-24 flight season.

Japan: Recovery is done– moving onto growth in 2024

Japanese inbound recovery finished 2023 tracking at 108% of normal in December 2023. Chinese inbound recovery remains slow at less than 50% of normal in December but inbound excluding Chinese was 33% above normal. Despite the slow start, annual inbound volume excluding Chinese saw a full recovery in 2023 and we expect growth to continue in 2024. JR Central Shinkansen weekday traffic volume recovered back to 95% normal in early January steadily moving towards to full recovery.

Chinese New Year Ahead: Average pricing 11% above 2019

Over 81mn passengers are projected to travel by air during the 40-day CNY flight season, a 11% growth over 2019 levels, while average airfare for economy class is expected to be 12% above 2019 levels. Air China will be the biggest beneficiary with a 27% addition in capacity for the holidays. Similar to the New Year, the most popular domestic destinations for booking are Harbin, Chongqing, and Hainan for CNY.

22 January 2024

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CNY: Chinese New Year

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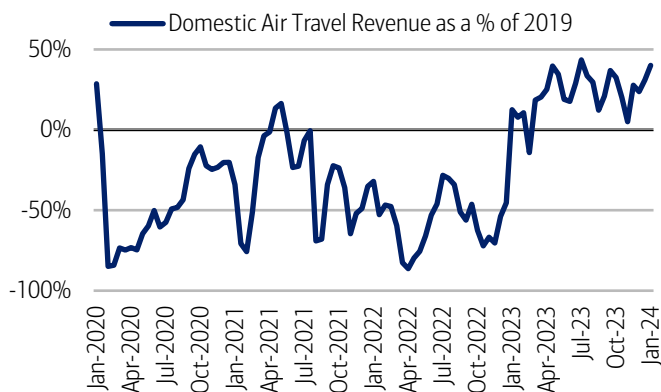
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Chinese air travel trends - 1H January

Domestic Rev +40%, Traffic +23%, Yield +14% of 2019

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

1H Jan industry revenue exceeded 2019 levels by +40%

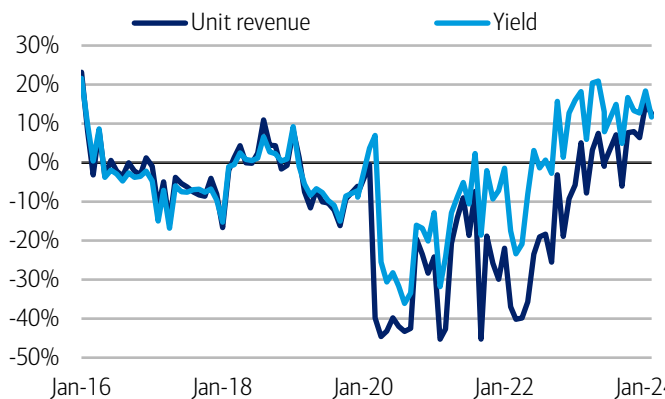


Source: ESI, BofA Global Research

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

Unit revenue at 113% and yield at 112% of 2019 levels in 1H January

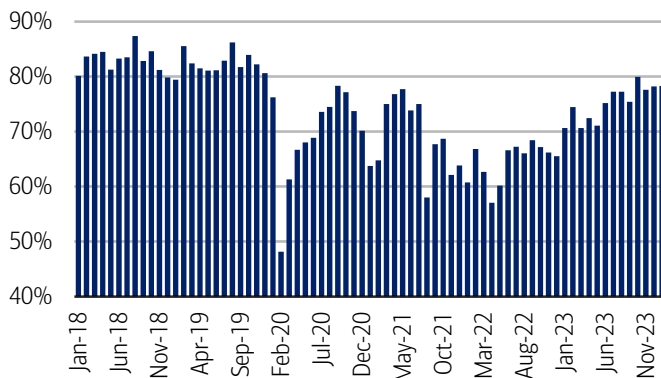


Source: ESI, BofA Global Research

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

Domestic seat loads sustained at 78.3% in January -similar to December

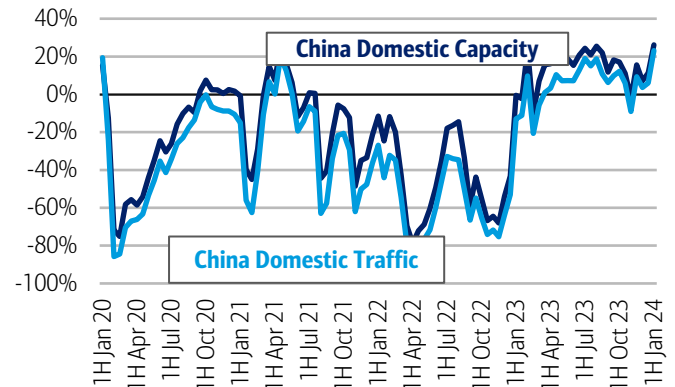


Source: ESI, BofA Global Research

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

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

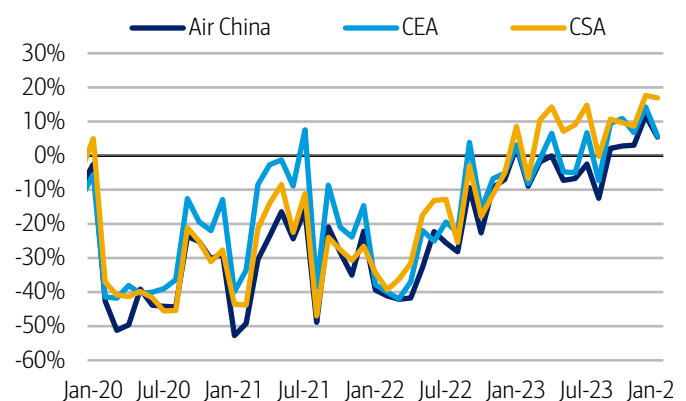


Source: ESI, BofA Global Research. Data from 1H January 2020

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

Unit revenue is 105-117% of 2019 levels for the Big 3 airlines

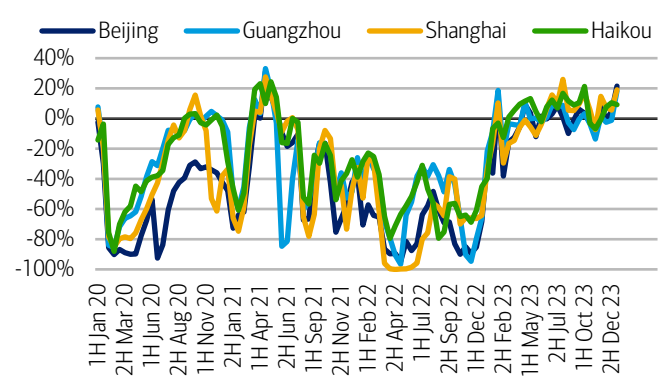


Source: ESI, BofA Global Research

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Exhibit 6: Chinese airports domestic traffic growth vs 2019

The big three airports all exceeded traffic levels in 2019 by ~20%



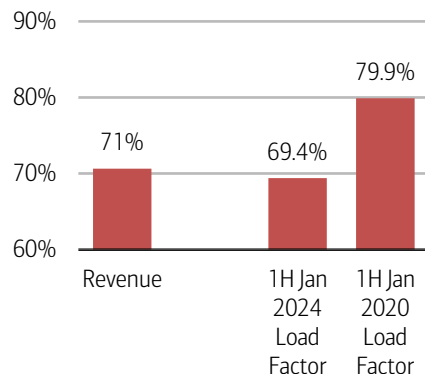
Source: ESI, BofA Global Research

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Int'l: Revenue 71%, Volume 65%, Yield 109% of normal

Exhibit 7: China int'l air travel revenue as a % of 1H Jan 2020 (Before Covid)

Chinese international air travel revenue has recovered to 71% of pre-Covid levels

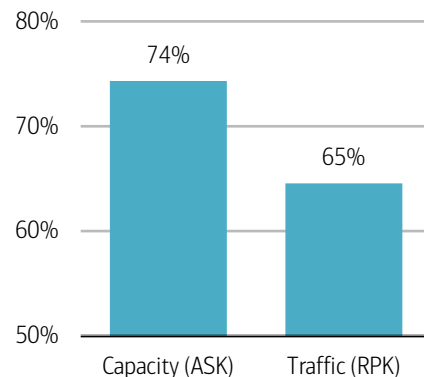


Source: ESI, BofA Global Research

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Exhibit 8: China int'l air travel capacity and traffic as a % of 1H Jan 2020 (Before Covid)

Chinese international air travel traffic has recovered to 65% of pre-Covid levels

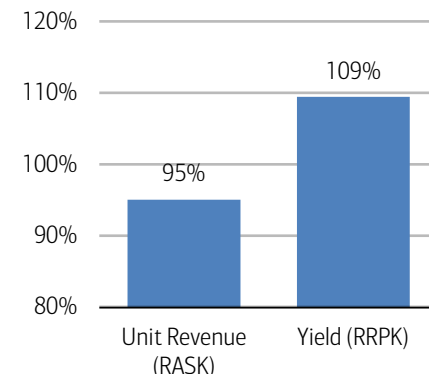


Source: ESI, BofA Global Research

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Exhibit 9: China int'l air travel unit revenue & yield as a % of 1H Jan 2020 (Before Covid)

Chinese international air travel yield has recovered to 109% of pre-Covid levels

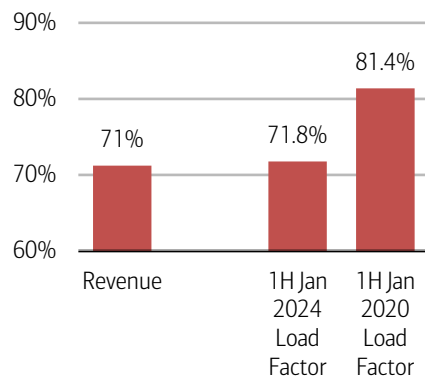


Source: ESI, BofA Global Research

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Exhibit 10: Big three air travel revenue as a % of 1H Jan 2020 (Before Covid)

Big three international air travel revenue has recovered to 71% of pre-Covid levels

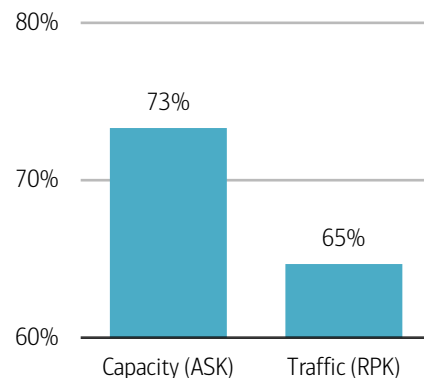


Source: ESI, BofA Global Research

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Exhibit 11: Big three int'l air travel capacity & traffic as a % of 1H Jan 2020 (Before Covid)

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

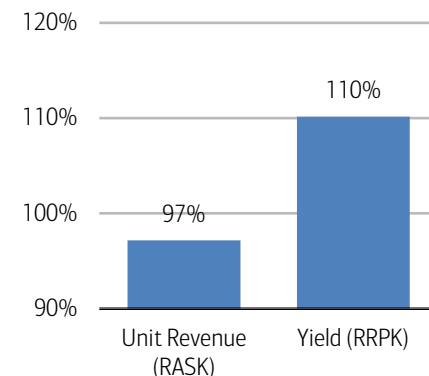


Source: ESI, BofA Global Research

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Exhibit 12: Big three int'l air travel unit rev & yield as a % of 1H Jan 2020 (Before Covid)

Big three international air travel yield has recovered to 110% of pre-Covid levels

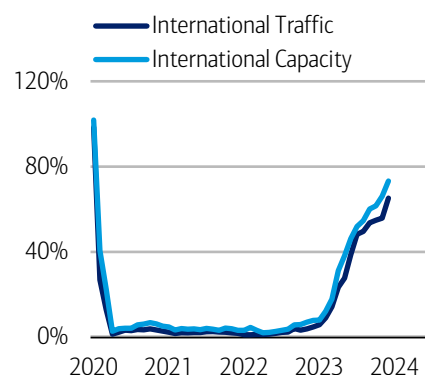


Source: ESI, BofA Global Research

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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

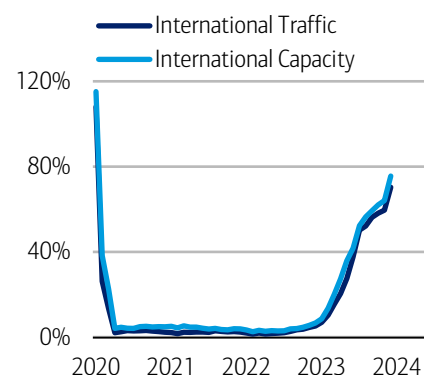


Source: Company reports, BofA Global Research

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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

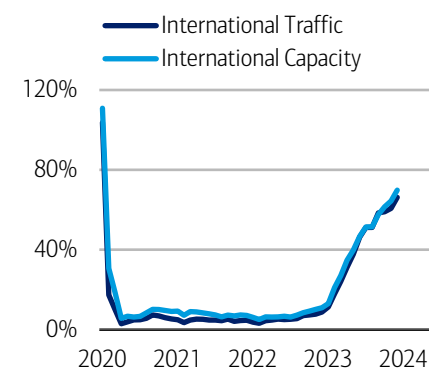


Source: Company reports, BofA Global Research

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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
2023-10	42%	49%	79%	67%	72%	64%	52%	55%	21%	48%	42%	82%
2023-11	42%	43%	76%	58%	83%	64%	54%	58%	19%	52%	42%	77%
2023-12	51%	48%	87%	62%	91%	66%	52%	60%	23%	61%	39%	81%
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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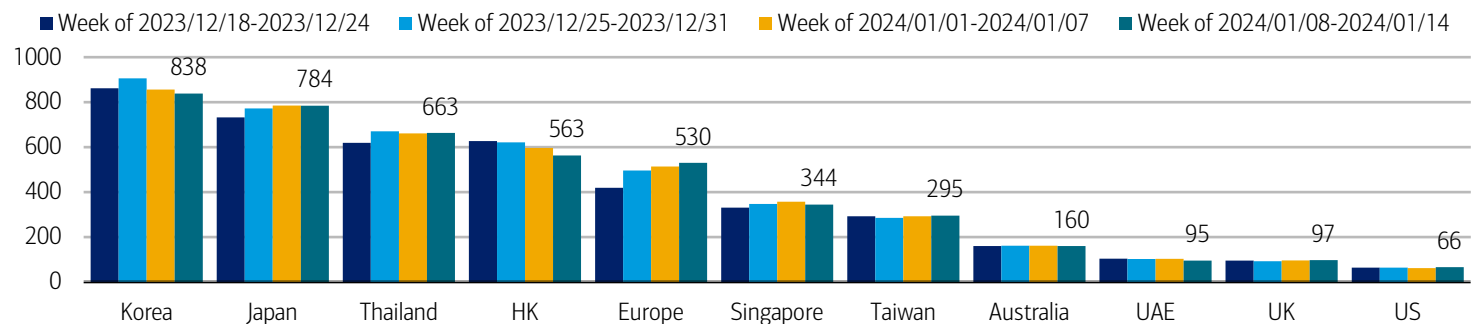
Exhibit 17: China long-haul outbound by seats, 2023-24

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
2023-10	12%	71%	10%	38%	62%	89%	105%	46%	84%	60%	106%	95%
2023-11	19%	77%	12%	57%	81%	93%	88%	59%	87%	62%	113%	104%
2023-12	22%	93%	13%	60%	89%	97%	117%	72%	101%	67%	122%	119%
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%

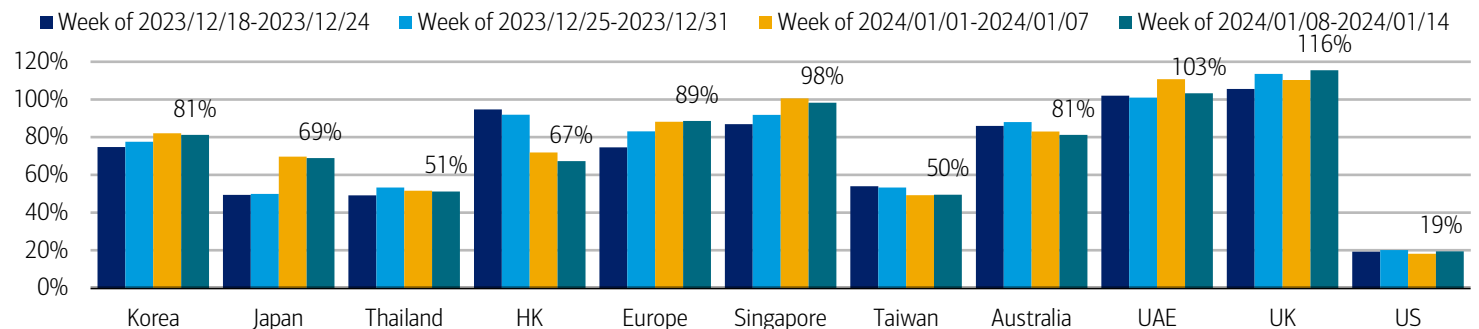
Source: OAG, BofA Global Research

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Exhibit 18: Number of Chinese outbound flights (Rolling four weeks)China had 11,195 international and regional flights for the 2nd week of 2024

Source: DAST, BofA Global Research

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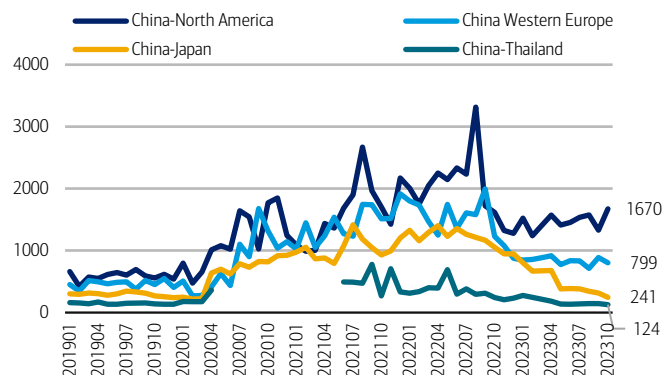
Exhibit 19: Recovery of Chinese outbound flights (Rolling four weeks)Best recovered international destination is UK with 116% flights restored to pre-Covid levels in 2nd week of 2024

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

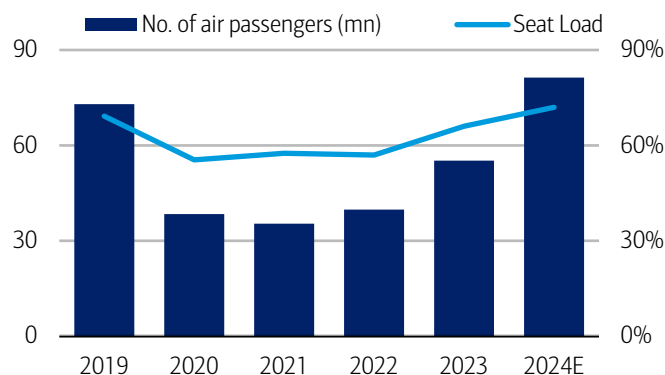


Source: OAG

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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

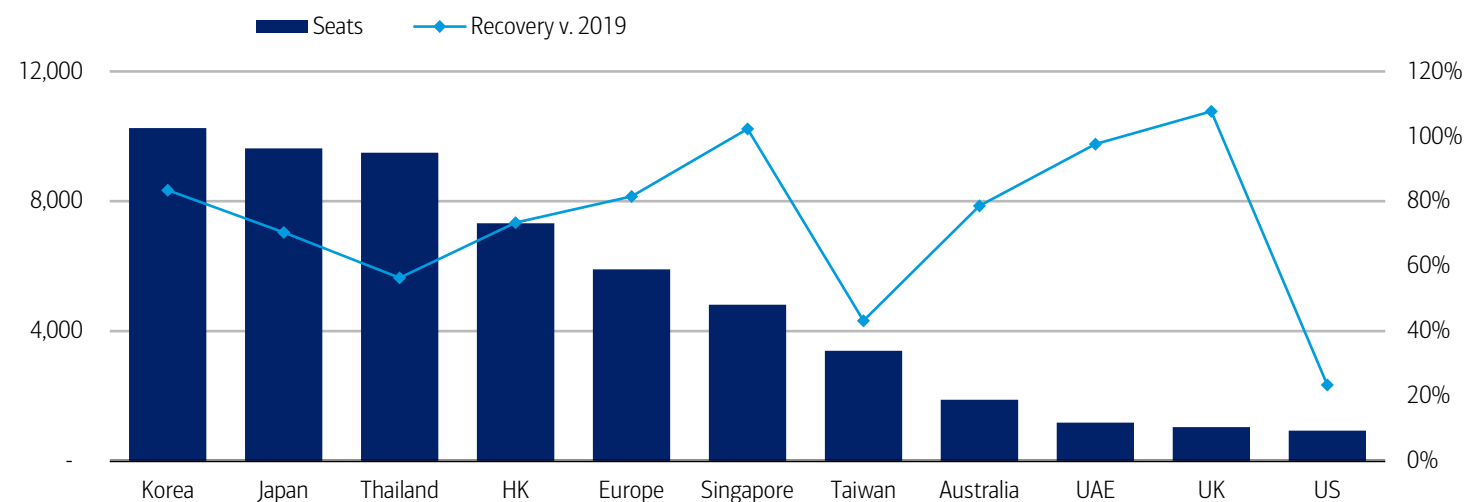


Source: DAST

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

Korea, Japan, and Thailand remain the most popular destinations

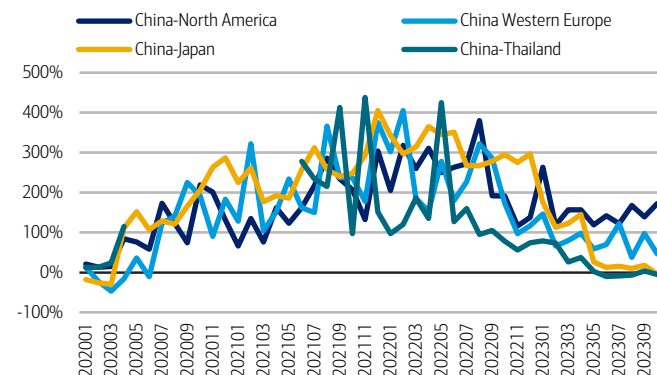


Source: DAST

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

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

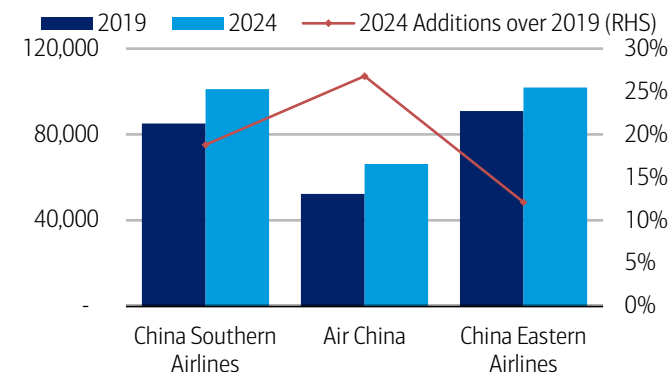


Source: OAG

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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

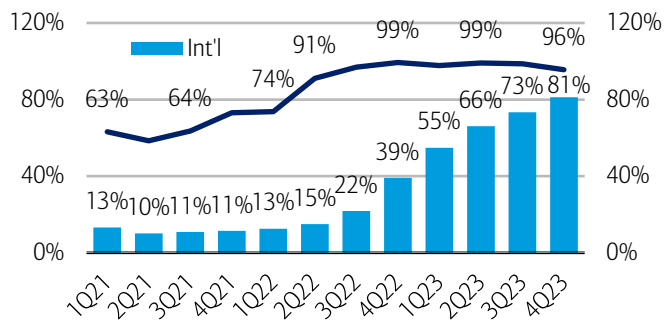
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Japan travel trends

Inbound recovery for 2023 was much faster than anticipated. Totally inbound traffic in 2023 recover back to 79% while inbound excluding Chinese saw full recovery. Japanese outbound recovery remains low at 55% in December leaving plenty of room for recovery in 2024. Expect inbound to see growth and outbound to continue to recover in 2024.

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

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

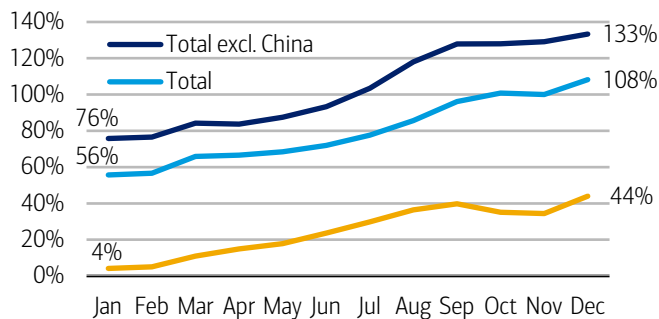


Source: Diio

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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

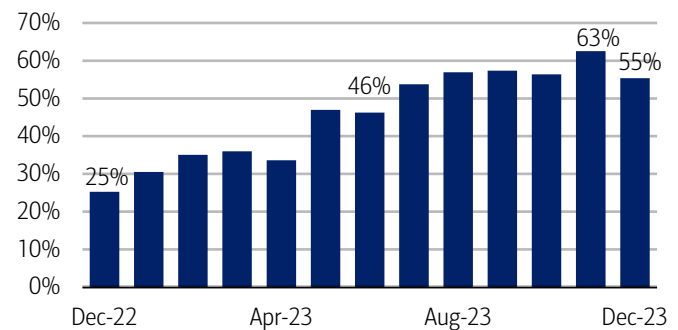
	USA	Germany	Australia	France	UAE	UK	Canada	Finland	Qatar	Netherlands	Italy
2024-01	98%	69%	119%	68%	107%	79%	141%	76%	89%	76%	49%
2024-02	101%	68%	129%	73%	112%	88%	146%	76%	93%	76%	50%
2024-03	97%	66%	130%	75%	109%	87%	145%	67%	138%	71%	71%
2024-04	102%	76%	144%	87%	112%	95%	157%	66%	123%	47%	58%
2024-05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

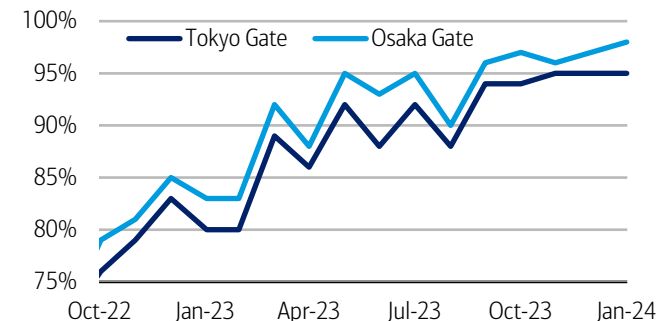


Source: JNTO

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Exhibit 28: JR Central Shinkansen traffic % of normal by gate

Osaka gate at 98% and Tokyo gate 95% of normal at early January



Source: Company reports

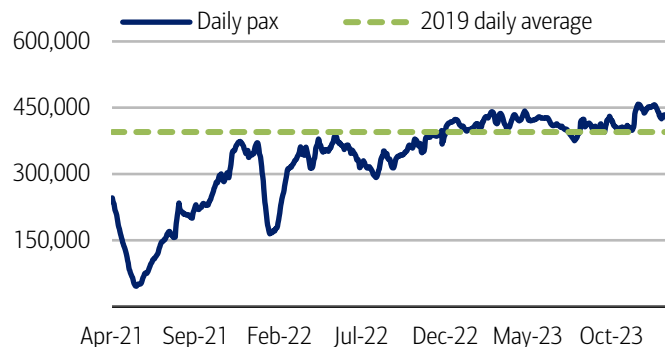
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Indian air travel trends

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

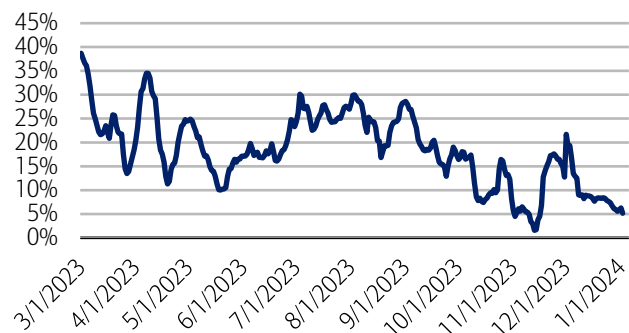


Source: MoCA

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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

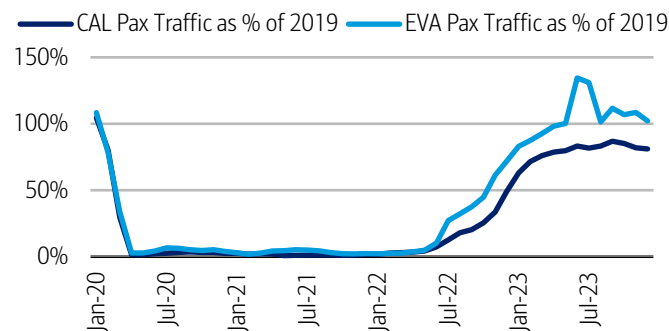
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Taiwan air travel trends

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

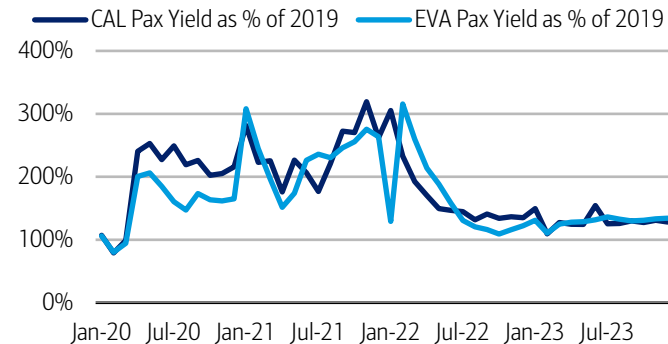


Source: Company reports, BofA Global Research estimates

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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

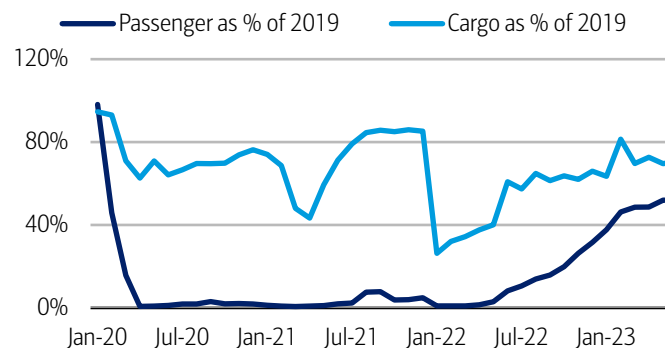
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Long haul travel trends

CX back to 65% 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 65% of normal in November 2023

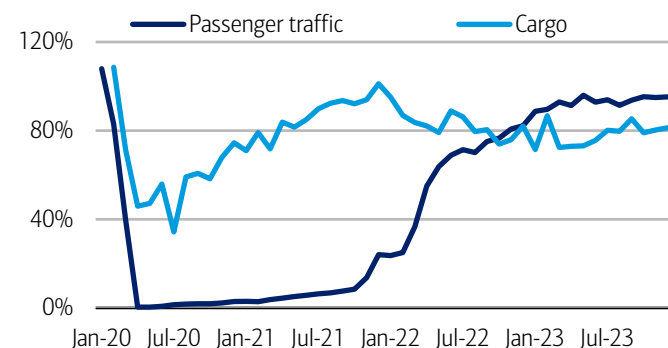


Source: Company reports, BofA Global Research estimates

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

SIA traffic at 95% of normal in December 2023

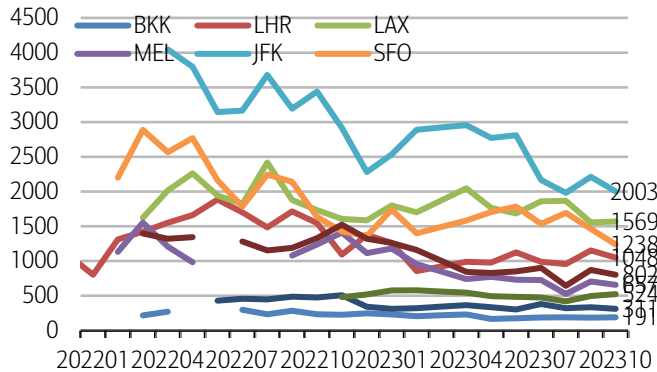


Source: Company reports, BofA Global Research estimates

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

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

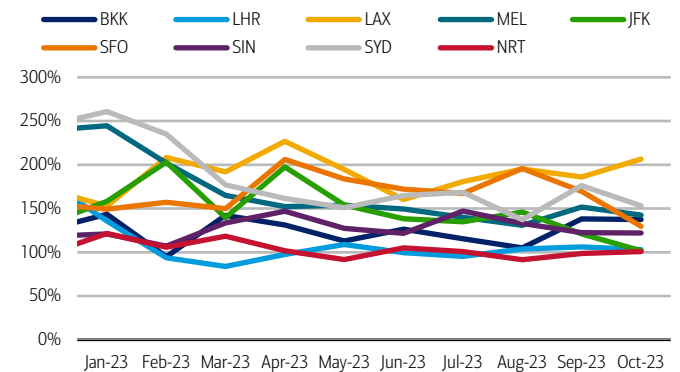


Source: OAG

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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

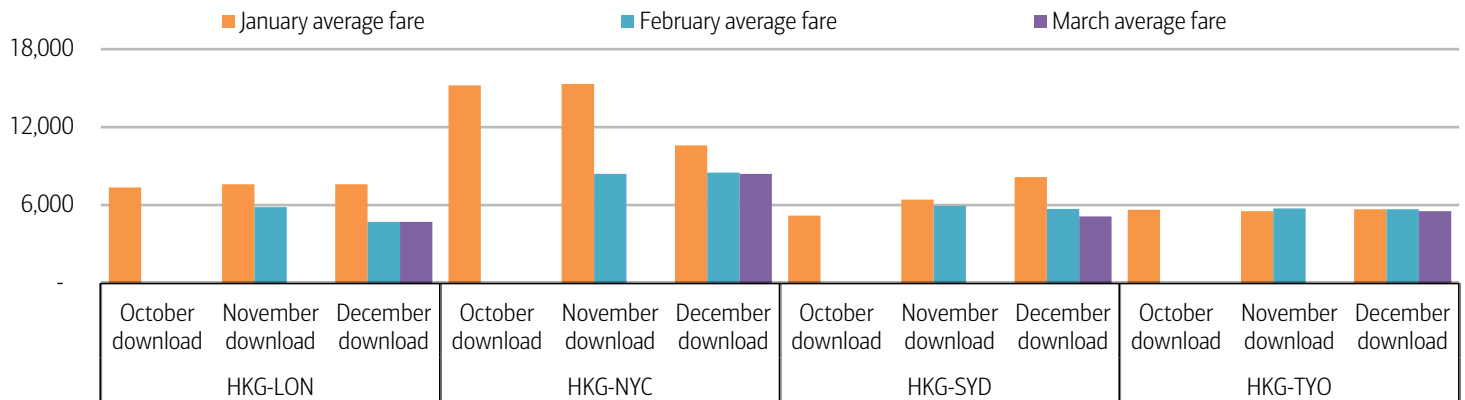


Source: OAG

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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

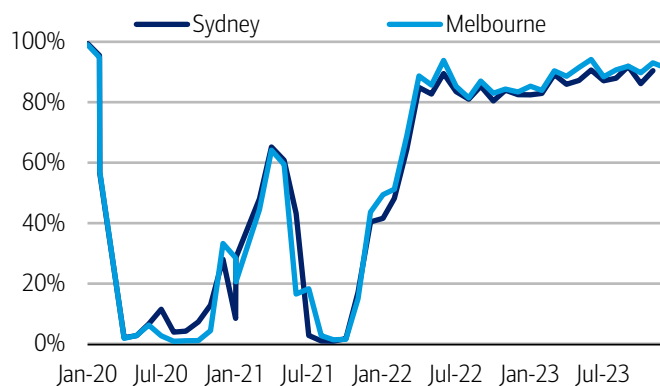
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Australia travel trends

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 Melbourne at 91% of normal in December

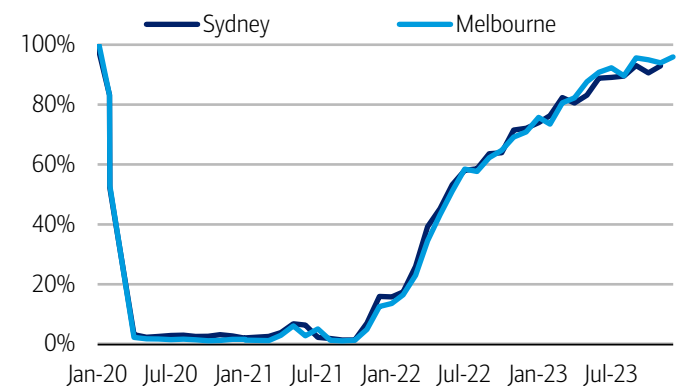


Source: Company reports

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

International traffic at Melbourne at 96% of normal in December



Source: Company reports

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Disclosures

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
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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