

AIR MARKET UPDATE

September 2022



CURRENT STATE

- Seasonally adjusted cargo tonne-kilometers (CTKs) faltered in July with a 2.3% contraction compared with June, which was flat from May. Compared with a year ago, July CTKs were 9.7% lower, a weakening from the 6.7% decline in June. Available cargo tonne-kilometers (ACTKs) increased by 3.6% year-on-year (YoY), putting downward pressure on load factors in July.
- Latin America was the only region showing a YoY increase in air cargo traffic in July, of 9.2% YoY. After two consecutive solid monthly increases for Asia Pacific CTKs, they fell by 9.0% YoY in July. However, pent-up demand generated during latest Omicron-related lockdowns should prevent notable declines in volumes at least in the near term.
- Europe outbound volumes also showed a negative trend to all regions, with an overall average decrease of 7% on two weeks earlier and 5% year on year.
- Europe's inbound volumes from the all-important Asia Pacific region were also down significantly (-8%) in the first two weeks of August compared with the preceding two weeks.

Industry CTKs (billion per month)



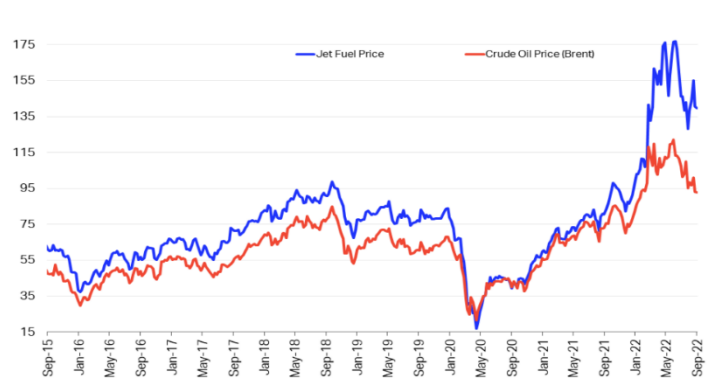
Sources: IATA Economics, IATA Monthly Statistics

- Asia Pacific outbound volumes as a whole [in the first two weeks of August compared with the preceding two weeks] were down 5%, including a 3% drop to North America, with Asia Pacific outbound volumes down 19% compared with the same period last year.

MARKET FORECAST

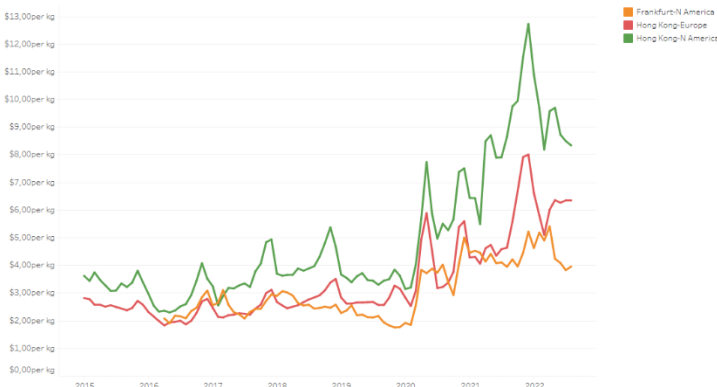
- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending September 9th was up 73.4% compared with a year ago at \$139.5/bbl. The jet fuel price average for 2022 (year to date) is \$143.0/bbl. The impact of jet fuel price developments on 2022's industry total fuel bill is \$133.3bn.
- The largest decreases in jet fuel prices were seen in Asia & Oceania at -3.2% and Middle East & Africa at -3.0%.
- The largest increases were seen in North America at 1.3%.

Jet Fuel & Crude Oil Price (\$/barrel)



Source: S&P Global, Refinitiv Eikon

Baltic Exchange Air Freight Index (BAI) powered by TAC Data
Copyright: Baltic Exchange. Chart created by Air Cargo News



- The air cargo market remains flat as the industry heads towards the traditional peak season.
- Prices did not move much from most major outbound locations, with Shanghai showing the biggest gain (against a week before) of 2.4% taking the year-on-year change from there to 13%.
- Prices from Vietnam to the US saw a fall of 6.3% leaving the year-on-year change at 24.6% and India to the US prices were down 14.7% compared with the previous week and are down 9.8% against last year.



RED
Demand exceeded capacity available. Rates increased.



YELLOW
Demand higher and or capacity is limited. Rates increasing.



GREEN
Both demand & capacity are at normal levels.

DEMAND & CAPACITY

DEMAND

ORIGINS	DEMAND & CAPACITY		DEMAND			
	AMERICAS	LATAM	EMEA	INDIA	N. ASIA	S. ASIA
AMERICAS						
LATAM						
EMEA						
INDIA						
E. ASIA						
S. ASIA						

IMPACTED EXPORT MARKETS

ORIGIN REGION	DESTINATION REGION	STATUS	SPECIFICS
AMERICAS	EMEA		No issues to support the EAMA service. Fuel Surcharge are going slowly down - ultimately decreases the total cost in all directions.
	SOUTHEAST ASIA		Major issue with space for India is BOM, much easier for space to DEL. Australia space still limited but carriers are more open to rate negotiation.
	LATAM		The American market to Latin America is slightly softening, there is no problem with getting the spot rate. We have managed to reduce costs to our main destinations which are GRU & VCP.
LATAM	ALL REGIONS		Unchanged condition, bookings still need to be requested in advance to protect the space - specially to USA from Brazil. Rates still fluctuating but seems more stabilized than previous months. Freighters are more difficult to get space.
EMEA	LATAM		The LATAM market conditions are softening up into most of the LATAM region countries – still seeing tight capacities into the south e.g. Argentina.
	AMERICAS		The capacities are softening up into the Americas region – only volumetric and express shipments are a challenge on either rate or capacity perspective
INDIA	AMERICAS & EMEA		Currently rates are stable and space is available without any issues
E. ASIA	ALL REGIONS		N.AMERICA: Air market are in relative slack period. Major direct freighter service is on PVG- LAX & ORD lanes, other US airports are via in-direct flights. LATAM: Space on LATAM lane is tight all year round due to limited air solution. EMEA: Air market are in relative slack period. INDIA: Air space is ok recently, but most solutions are via passenger flight. S.ASIA: Air space is ok.
S. ASIA	Americas & Europe		HK export Demand was slow since June, but airlines expect more volume in the last week of Sep and after national day holiday on 7 Oct.

IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
N. ASIA		CX to Guangzhou: Embargo DG Div 4.3 and Class 5. All DG embargo except ELI/ELM to FOC. DG embargo DG class 7 to CKG
EMEA		Schiphol Airport is still hit by staff shortages and asked airlines to cut flight numbers ex Amsterdam airport