

# AIR MARKET UPDATE

December 2022

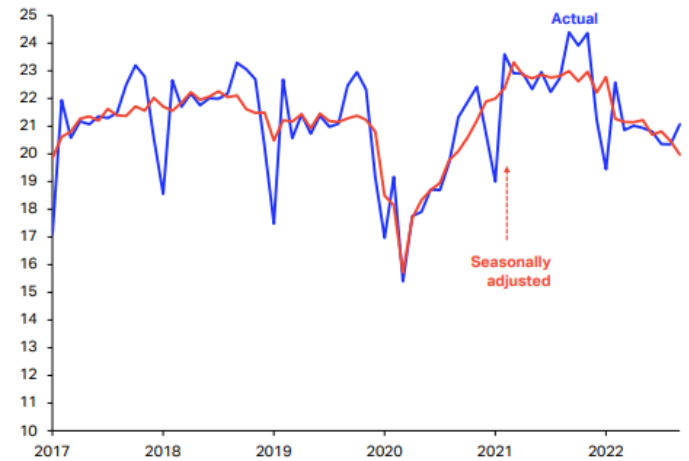


## CURRENT STATE

- Industry cargo tonne-kilometers (CTKs) rebounded in October with a 3.5% month-on-month (MoM) growth compared with September. However, from 2021, October industry CTKs contracted by 13.6%, and from 2019, industry CTKs declined by 6.2%, due to the base effect (**right chart**).
- Available cargo tonne-kilometers (ACTKs) increased by 2% MoM but contracted YoY for the first time since April 2022, decreasing by 0.6% in October. However, the YoY growth in international air cargo capacity remained positive at 2.4%.
- Headwinds in the air cargo industry persisted in October, including high inflation rates in advanced economies, weak performance in the global flows of goods and services, the ongoing war in Ukraine, and the unusual strength of the US dollar. All of these factors put downward pressure on air cargo growth.
- Most of the growth in global trade has benefited maritime transport which has been growing in line with the global trade trend. Air cargo's relative growth performance compared with maritime softened in September, arriving at -16.1% YoY.

Source: IATA

Industry CTKs (billion per month)



Sources: IATA Economics, IATA Monthly Statistics

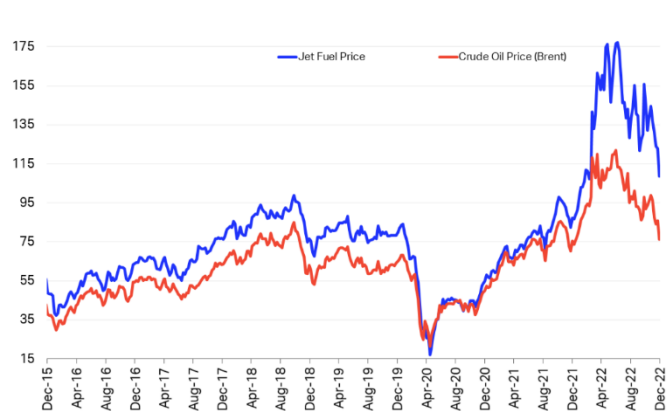
Global trade activity remains clouded. Inflationary pressures, however, eased somewhat regarding consumer prices and producer price increases continued to cool down for the third consecutive month since July.

## MARKET FORECAST

- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending December 9th was up 24.2% compared with a year ago at \$108.5/bbl. The jet fuel price average for 2022 (year to date) is \$140.1/bbl. The impact of jet fuel price developments on 2022's industry total fuel bill is \$128.4 billion.
- The largest decreases vs. previous month were seen in MIDDLE East & Africa at -21.5%, followed by North America at -21.2%.

Source: IATA

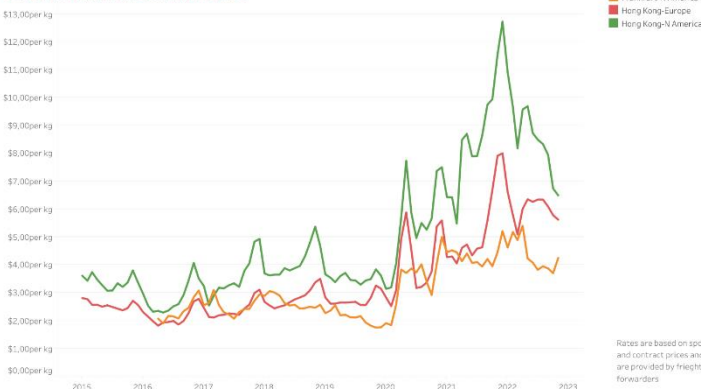
Jet Fuel & Crude Oil Price (\$/barrel)



Source: S&P Global, Refinitiv Eikon

- Airfreight rates on some of the world's major trade lanes continued to decline in November, bucking usual seasonal trends.
- Spot and contract rates from Hong Kong to North America slipped to an average of \$6.49 per kg, compared with \$6.74 per kg in October. Rates on the trade lane are also down on a year ago when forwarders were paying a whopping \$11.54 per kg.
- The average airfreight rates from Hong Kong to Europe were also down on a month earlier, slipping to \$5.62 per kg from \$5.78 per kg in October. Last year rates on the lane for November stood at an average of \$7.91 per kg.
- Rates still remain far above pre-Covid levels.

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



Rates are based on spot and contract prices and are provided by freight forwarders



**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					
	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 capacity or rate issues to support the EMEA Region
	SOUTHEAST ASIA		Tight capacities especially to BOM and SIN, much easier for space to DEL. Booking to BOM/SIN needs to be up to 8 days out to secure space for +1000 kilo transit is around 5-10days. Expectations are that the market will stabilize at the end of January/early February.
	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 destination- GRU/VCP.
LATAM	ALL REGIONS		Facing issues to get space due to peak season, though airlines with whom we have been working during the year, honor the space. Usually the space availability needs to be confirmed 2-4 days ahead to secure a booking
EMEA	ASIA		Stable rates and available capacities into Greater China, still tighter capacities into Australia as well as Taiwan and Korea.
	AMERICAS		Easing rates for lower deck freight into North America, freighter capacities are tight and therefore rates significantly higher vs. lower deck freight characteristics
INDIA	AMERICAS & EMEA		Currently rates are decreasing to EMEA and AMERICAS, with space available.
N. ASIA	AMERICAS & EMEA		Capacity is tight due to an increase in ecommerce volume and flight cancellation (especially from North China).
S. ASIA	AMERICAS & EMEA		The overall export markets in Southeast Asia continue to be soft with capacity available to AMERICAS and EMEA.

## IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
AMERICAS		No major issues
EMEA		No major issues