

AIR MARKET UPDATE

June 2023

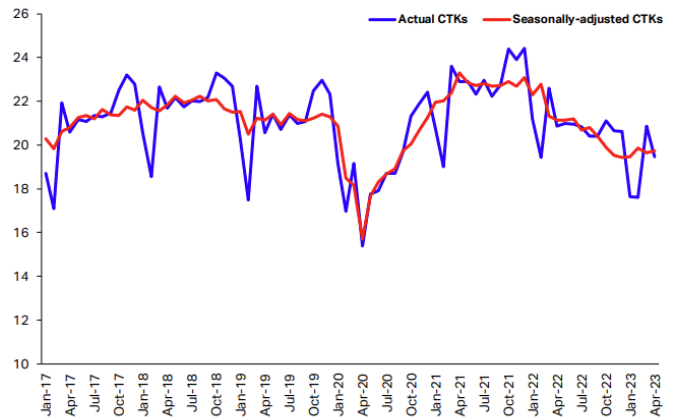


CURRENT STATE

- Global air cargo demand in April continued its year-on-year decline at a slower rate than the first three months of 2023, with cargo tonne-kilometers (CTKs) falling by 6.6% compared to April 2022. **(right chart).**
- Industry-wide cargo capacity returned pre-pandemic levels for the first time in three years, with available cargo tonne-kilometers (ACTKs) surpassing April 2019 levels by 3.2%.
- Global cross-border trade and new export orders PMIs, the two critical indicators of air cargo demand, both saw year-on-year growth for the first time in several months.
- North American airlines experienced notable declines in international CTKs compared to the previous year, primarily due to decreased air cargo traffic on the North America-Europe and North America-Asia trade lanes.
- The changes in international air cargo demand among different regions can be explained by the performance of key trade lanes. North America carriers experienced a significant contraction of 12.1% in international air cargo demand in April.

Source: IATA

Industry CTKs (billions per month)



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

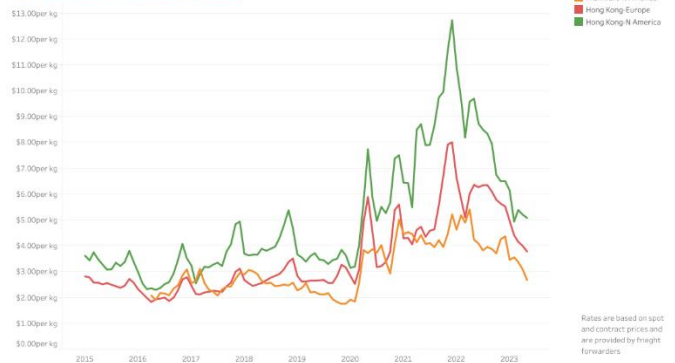
The performance of the North America-Europe trade lane also affected European airlines, which faced a 16.1% YoY decline in air cargo demand within Europe. Although these route areas experienced double-digit contractions in April, the robust growth of air cargo traffic on the Europe-Asia route area (up 3.4% YoY) helped mitigate the overall decline in demand for the region.

MARKET DEVELOPMENTS

- The latest figures from the Baltic Exchange Airfreight Index (BAI) show that average rates – based on contract and spot process paid by forwarders – on services from Hong Kong to North America were down 2.5% in May compared with April at \$5.07 per kg. Compared with a year ago, rates on the route are down 47.7% year on year.
- Meanwhile, average rates from Hong Kong to Europe in May declined by 5.5% compared with April to \$3.77 per kg. Compared with a year ago, rates on the route are down 40.6%. Rates on both lanes remain above the levels recorded in pre-Covid 2019 when services to North America achieved \$3.71 per kg and to Europe \$2.65 per kg.

Source: Baltic Exchange Air Freight Index (BAI)

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.

- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending June 9th was down 46.23% compared with a year ago at \$94.7/bbl.
- The largest increase vs. previous month were seen in North America, at +3.3%, followed by Middle East at +1.3%. Asia & Oceania been the only region with a decrease vs. previous month at -0.1%.

Source: IATA

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



Source: S&P Global, Macrobond

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		
		AMERICAS	LATAM	EMEA	INDIA	N. ASIA	S. ASIA
ORIGINS	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	●	No issues to support the Asia service. Fuel Surcharge are going slowly down. - Ultimately decreases the total cost in all directions.
	LATAM	●	The American market to Latin America is slightly softening, there is no problem with getting the spot rate.
LATAM	MEXICO	●	Brazil is challenged to moving shipments from / to Mexico due high demand, even expedite rates are delaying confirming space.
EMEA	ASIA	●	Stable rates and available capacities into Greater China, capacities into Australia as well as Taiwan, Japan and South Korea are opening up which reflects a reduction in airfreight rates.
	AMERICAS	●	Available capacity is still outscoring the demand – therefore we are seeing stable rates into all major US-Airports on a lower level.
INDIA	AMERICAS & EMEA	●	Slowing demand during monsoon season in India. The capacity and the pricing are stabilized. The rates to US are more competitive in transpacific than transatlantic.
N. ASIA	AMERICAS & EMEA	●	The CN and HK markets remain under pressure, with rates stabilized to EU and USA. The capacity to EU is still increasing with passenger flights. Rates are decreasing to EMEA and AMERICAS from JP/KR, with major increase of passenger flights to USA.
S. ASIA	AMERICAS & EMEA	●	The overall export markets in Southeast Asia continue to be soft with capacity available to AMERICAS and EMEA. The rates are stabilized to EU, maintained to US, with lower rates from VN compared to other countries in SEA.

IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
LATAM	●	Shipments ex Mexico are a challenge in current market environments
EMEA	●	No major updates