

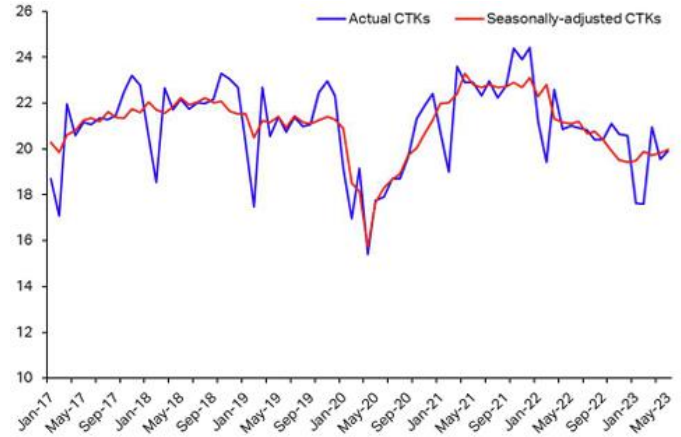
AIR MARKET UPDATE

July 2023



CURRENT STATE

- Global air cargo demand in May was 5.2% below last year's level. The annual decline in cargo ton kilometers, however, has narrowed from 16.8% in January to 9.0% year-to-date in May. **(right chart).**
- Industry-wide cargo capacity continued to climb this month after returning to pre-pandemic levels for the first time in April. Available cargo-ton kilometers (ATKs) grew by 14.5% year-on-year and were 5.9% above May 2019 levels.
- Key indicators of air cargo demand, including cross-border trade, new export orders PMI, and production PMI, were weaker in May, pointing to the constraints on supply chains and the slowing global economy.
- Global cross-border trade contracted by 0.8% in April, amid supply chain constraints and a challenging macroeconomic environment. However, the demand for global maritime cargo continued to improve, shrinking its annual decline from -3.1% in March to -0.2% in April. In comparison, air cargo demand contracted by 6.3% in April. The relative performance of air cargo suggests that container cargo continued to suffer less from the slow down in global trade.
Source: IATA



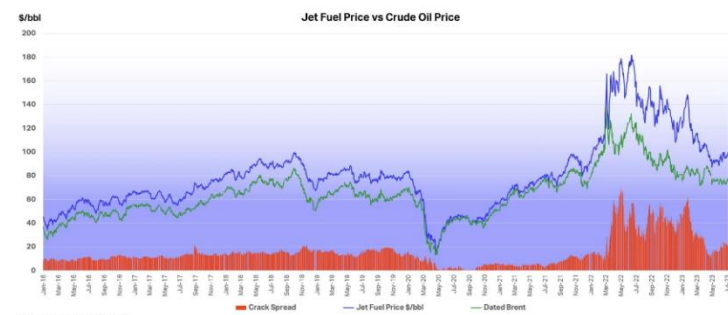
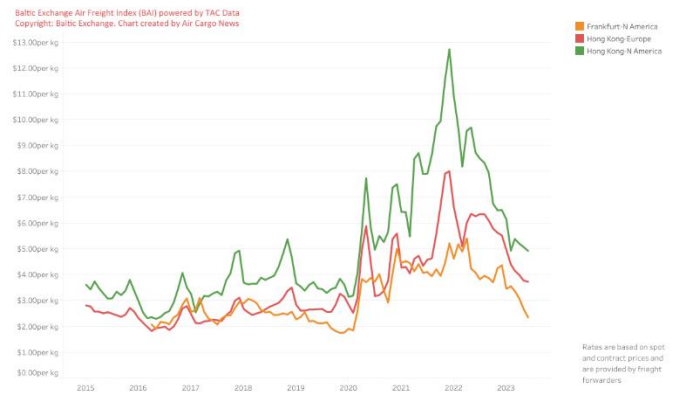
Sources: IATA Sustainability and Economics, IATA Monthly Statistics

- The tightened monetary policies by central banks and the recent declines in both food and non-food commodity prices have driven the inflation rate to decelerate in major economies. The Producer Price Index (PPI), which measures changes in producer prices, stood at 1.2% in the US, 5.1% in Japan, and -10.3% in China (May PPI data for EU 27 countries has not been released yet).

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 slipped to \$4.92 per kg in June from \$5.07 per kg in May. Compared with last year, rates are 43.6% down.
- From Hong Kong to Europe, average rates were down from \$3.77 per kg to \$3.73 per kg and against a year earlier prices are down 40.4%. The fall between May & June is typical for the year given that demand reduces during the summer period and capacity increases as belly hold capacity is added for the summer season. Prices tend to fall incrementally during the summer before starting to pick up again in September ahead of the summer peak season.

Source: Baltic Exchange Air Freight Index (BAI)



Source: IATA Global Connectivity Insights

- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending July 7th was down 28.60% compared with a year ago at \$97.78/bbl.
- The largest increase vs. previous month were seen in Europe at +4.6%, followed by Latin & Central America at +3.3%. North America slightly increased by 0.5% vs. previous month.

Source: IATA

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	●	Demand is softening. The capacity and the pricing are stabilized.
N. ASIA	AMERICAS & EMEA	●	The rates ex CN and HK markets decrease to EU and increase to 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 decrease 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