

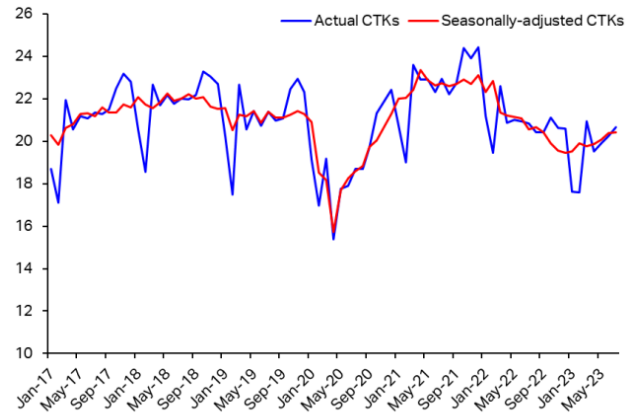
AIR MARKET UPDATE

September 2023



CURRENT STATE

- Industry air cargo demand decreased by 0.8% year-on-year in July, reflecting the sustained improvement in cargo tonne-kilometers (CTKs) and the low base of CTKs in 2022. **(right chart).**
- Air cargo capacity, measured in available cargo tonne-kilometers (ACTKs), increased by 11.2%, primarily due to the continued restoration of belly cargo capacity during the summer season.
- Global trade contracted for the third consecutive month, with manufacturing output and new export orders deteriorating. China's weak performance in production and exports is a concerning development for the global economy.
- Inflation showed a mixed picture in July. The increase in US consumer prices picked up pace for the first time in 13 months, while both consumer and producer prices in China fell, suggesting a possible deflationary trend in the Chinese economy.



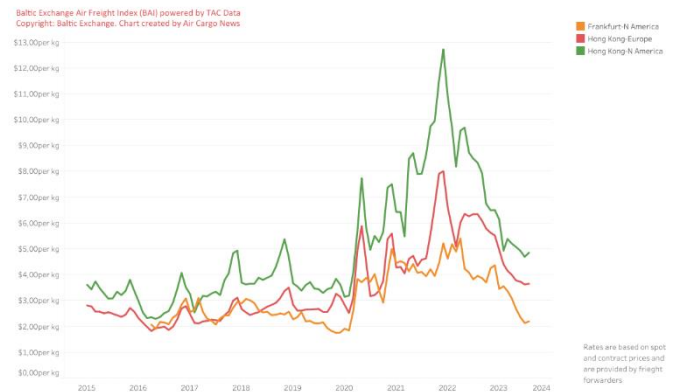
Sources: IATA Sustainability and Economics, IATA Monthly Statistics

- After 13 months of slowdown, the annual growth of the US headline Consumer Price Index (CPI) increased for the first time in July, from 3.1% in June to 3.3% in July. In comparison, the YoY growth of CPI in the EU 27 countries continued to decrease to 6.1% in July (declined by 0.3 pts compared to June). China's CPI experienced an annual contraction of 0.2% in July, marking the first time that the country saw an annual decline in CPI since February.

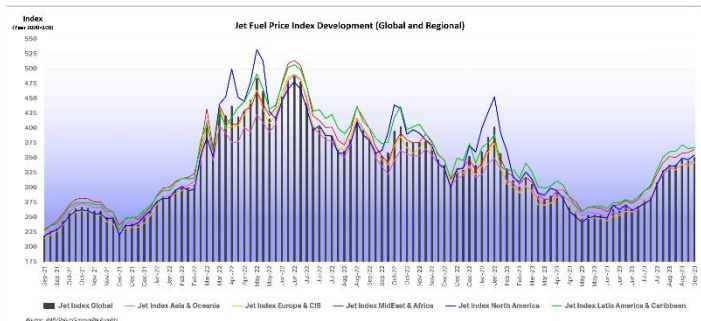
Source: IATA

MARKET DEVELOPMENTS

- Latest figures from the Baltic Exchange Airfreight Index (BAI) show that average prices paid by forwarders – both contract and spot – on services from Hong Kong to North America increased to \$4.85 per kg in August compared with \$4.69 in July.
- The rates from Hong Kong to Europe in August increased to \$3.65 per kg from \$3.62 per kg a month earlier. The last time rates didn't decline compared with the previous month on the trade was August 2022.
- There was also an improvement on rates from Frankfurt to North America as prices climbed to \$2.19 per kg from \$2.13 per kg.



Source: Baltic Exchange Air Freight Index (BAI)



- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending September 8th was down 7.7% compared with a year ago at \$127.88/bbl.
- The largest increase vs. previous month were seen in North America at +2.2%, followed by Europe at +1.5% and Middle East at 1.4%.
- The announcement by Saudi Arabia and Russia on 5 September to extend their combined 1.3 million b/d of voluntary production cuts until end-2023 heightened supply concerns despite an uncertain China demand outlook, causing oil prices to surge past 90 USD/BBL.

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 EMEA service - Capacity is opening and carriers continue to look for more cargo
	SOUTHEAST ASIA	●	No issues to support the Asia service - Capacity is opening and carriers continue to look for more cargo
	LATAM	●	The American market to Latin America is slightly softening, there is no problem with getting the spot rate.
LATAM	AMERICAS	●	Capacity demand ex: Brazil is stable but can suffer a slight impact depending on the cargo volume, service and some destinations in the Americas. Planning in advance is always recommended to guarantee good rates, space and service.
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 increasing to US. The capacity and the pricing are stabilized to EU and Asia, rates increase to US.
N. ASIA	AMERICAS & EMEA	●	The rates to EU and US are increasing. The passenger flights capacity is still low between CN and US, impacting air freight market rates to US. Significant rates increase from CN, TW and HK to US, mainly due to high e-commerce demand and specific project (launch of iPhone 15...).
S. ASIA	AMERICAS & EMEA	●	The overall export markets in Southeast Asia continue to be soft. The capacity to AMERICAS is constraint with rates increase to US. The rates are stable to EU and Asia.

IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
LATAM	●	No major updates or trade lanes impacted with capacity or rates fluctuation.
EMEA	●	No major updates