

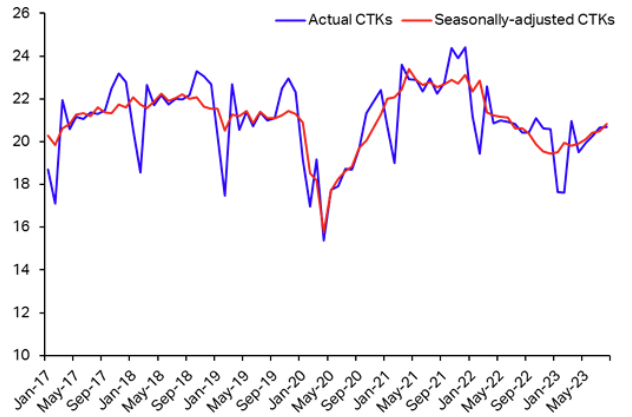
# AIR MARKET UPDATE

October 2023



## CURRENT STATE

- Global cargo ton-kilometers (CTKs) increased by 1.5% year-on-year (YoY) in August, the first annual growth in 19 months since February 2022. Industry CTKs were 1.3% lower than their 2019 levels. **(right chart).**
- Air cargo capacity, measured in available cargo ton-kilometers (ACTKs), continued its double-digit growth. ACTKs were up 12.2% YoY, driven by the sustained expansion of belly capacity in the summer season.
- Inflation in the US continued to increase for the second month in a row, after 13 months of decline. Although China's CPI growth reverted to positive from the July level, the country recorded negative PPI in August for the 16th consecutive month.
- Airlines in the Asia Pacific, North America, Latin America, and Middle East regions registered annual growth in their international CTKs in August, owing to the improved traffic in major trade lanes.



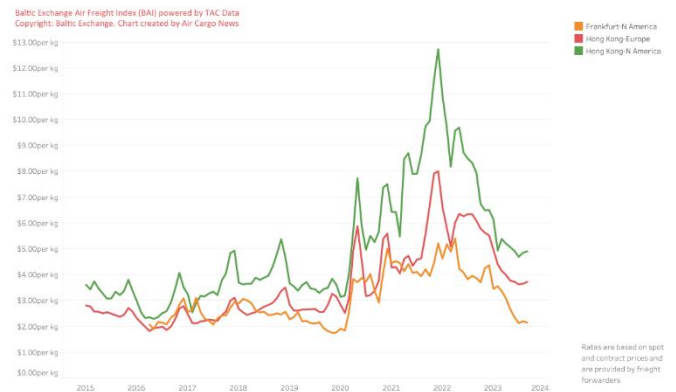
Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Source: IATA.com

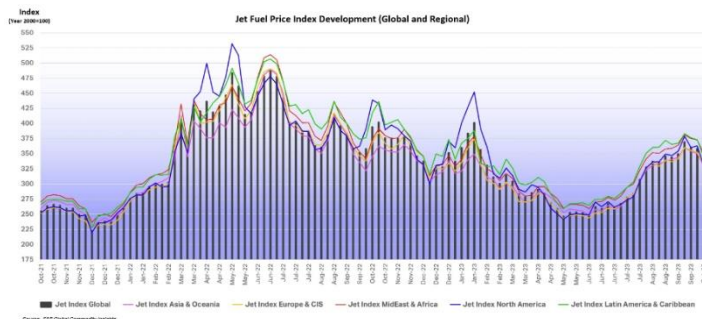
## MARKET DEVELOPMENTS

- The latest figures from the Baltic Exchange Airfreight Index (BAI) show that average rates – spot and contract – paid by forwarders from Hong Kong to Europe and North America increased last month for the second month in a row.
- From Hong Kong to North America rates in September increased to \$4.90 per kg from \$4.85 per kg a month earlier, with improvements picking up as the month progressed.
- From Hong Kong to Europe, prices improved to \$3.72 per kg from \$3.65 per kg in August.
- Outlook is that appears that rates are continuing to increase in October

Source: Baltic Exchange Air Freight Index (BAI) / 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 October 6th was down 12.2% compared with a year ago at \$121.62/bbl.
- The largest increase vs. previous month were seen in North America at -8.8%, followed by Latin & Central America at -7.7% and Asia & Oceania at -6.1%.
- Oil prices plummeted after the US Energy Information Administration reported a huge rise in gasoline stocks, a proxy for demand. Weak US jobs data for September and surging bond yields spark fear of an economic slowdown that would affect oil demand.

Source: IATA.com



**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						
N. ASIA						
S. ASIA						

## IMPACTED EXPORT MARKETS

ORIGIN REGION	DESTINATION REGION	STATUS	SPECIFICS
AMERICAS	EMEA		No issues to support the EMEA service -war in Israel is the reason for the suspension of flights to TLV.
	INDIA OCEANIA		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
LATAM	ALL		Airlines in Latin America experienced an expansion of 5.8% in their international tonnage in mid Aug/Sep, mainly due to a relatively low base in previous year. Capacity is growing and it has shown to be stable at least till Oct.
EMEA	ISRAEL		Multiple Airlines like Lufthansa, KLM, Air France & Iberia have cancelled their flight into Tel Aviv (TLV) until end of October. Israeli based carriers like EI AL and Challenge Aircargo still operating, but rates significantly increased
	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 stabilized to US. The capacity and the pricing are stabilized to EU and Asia, rates increase to US.
N. ASIA	AMERICAS & EMEA		After China's Golden Week holiday, the rates are maintained to US, and slightly decrease to EU. The passenger flights capacity is still low between CN and US, impacting air freight market rates to US. The high volume of e-commerce from CN and HK is maintained to US.
S. ASIA	AMERICAS & EMEA		The overall export markets in Southeast Asia continue to be soft. The high rate to US is maintained, especially ex VN. The rates are stable to EU and Asia.

## IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
LATAM		GRU airport are facing congestions which are affecting operations overall and creating delays in the regular shipping process.
EMEA		Tel Aviv (TLV) Airport highly congested due to the war in Israel – delays in handling to be expected!