

AIR MARKET UPDATE

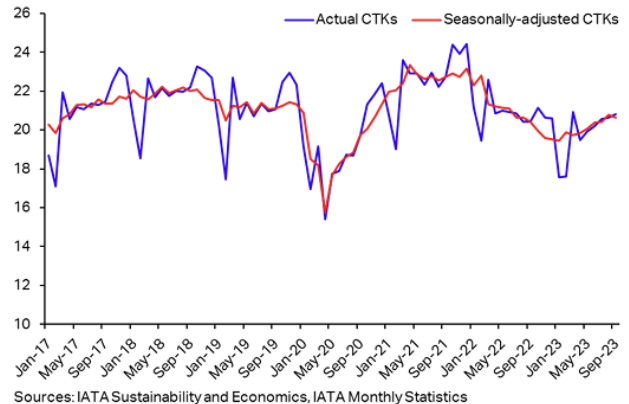
November 2023



CURRENT STATE

- Global cargo tonne-kilometers (CTKs) were up 1.9% year-on-year (YoY) in September. Compared to the preCovid level, global CTKs remained 1.3% lower (**right chart**).
- Air cargo capacity, measured in available cargo tonne-kilometers (ACTKs), increased by 12.1% YoY, driven by the strong growth of international belly cargo capacity from airlines in the Asia Pacific, Latin America, and the Middle East regions.
- Global trade experienced the fifth annual decline in a row, falling 3.8% in August. This slump in trade was also reflected in the slowdown in global new export orders PMIs and among all the major economies.
- Inflation in the US remained flat in September, while the trend in the producer prices was mixed. The recent surge in global jet fuel prices led to an increase in air cargo yields for the first time since November 2022.
- Airlines in the Asia Pacific, Latin America, Middle East, and North America regions all registered annual growth in their international CTKs in September, with Asia Pacific airlines seeing the strongest growth.

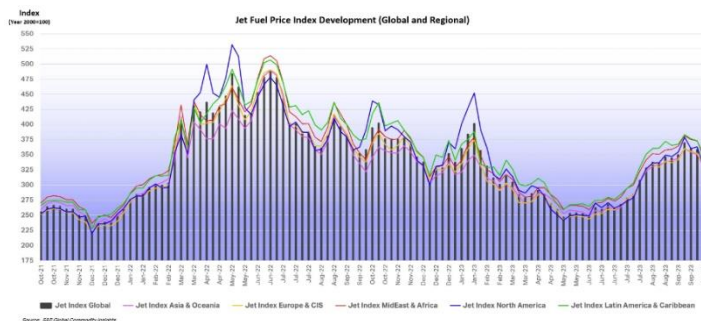
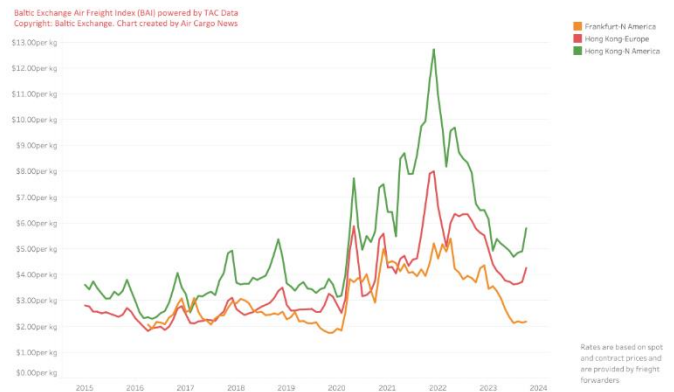
Source: IATA.com



MARKET DEVELOPMENTS

- Airfreight rates on significant east-west trade routes increased in October as the industry entered its customary peak season.
- The cost of services from Hong Kong to North America witnessed a notable 18.4% increase in October compared to September, reaching \$5.80 per kg. In a year-over-year comparison, prices have experienced a decline of 13.9%, demonstrating a gradual narrowing of the variance from the peak observed in May, which stood at 47.7%
- Similarly, on the route from Hong Kong to Europe, rates in October rose by 14.5% when compared to September, reaching \$4.26 per kg. In contrast to the previous year, prices on this route have decreased by 26.3%.

Source: Baltic Exchange Air Freight Index (BAI) / Air Cargo News



- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending November 10th was down 17.2% compared with the prior year's average of \$114.74/bbl.
- The largest decreases vs. previous month were seen in Asia & Oceania at -6.9%, followed by Middle East & Africa at -6.7% and Latin & Central America at -6.1%.
- Oil prices have consistently exhibited a declining trajectory in the preceding fortnight. This downturn is ascribed to prevailing pessimism regarding the global economic landscape and a prevailing perspective suggesting that additional reductions in OPEC+ supply may be requisite to rectify the existing demand shortfall. The downturn is further exacerbated by speculative activities.

Source: IATA.com

1-888-870-2726



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		The overall export markets in US continue to be soft with capacity available to EMEA Fuel Surcharges are experiencing a decline.
	SOUTH ASIA		Available capacity is outscoring the demand- Capacity is opening and more carriers continue to look for more cargo.
	LATAM		Capacity is opening and more carriers continue to look for more cargo. Stable rates and available capacities into LATAM
LATAM	AMERICAS & EMEA		Airlines in Latin America experienced an expansion of approximately 6% in their international tonnage in the last 2 weeks of October and maintain optimistic for November. Capacity vs. Demand is stable, but on the pricing side, there were small increases in rates ex-South America to Europe (+4%). GRU airport is still facing congestions which are affecting operations overall and creating delays in the regular shipping process.
EMEA	ISRAEL		Several airlines, including Lufthansa, KLM, Air France, and Iberia, have decided to suspend their flights to Tel Aviv (TLV) until the end of October. Meanwhile, Israeli-based carriers such as El AL and Challenge Aircargo continue to operate; however, there has been a notable increase in their rates.
	AMERICAS		Transatlantic westbound shipping capacity is becoming increasingly constrained, particularly for freighter services heading towards the East, Midwest, and West Coast regions. The short-term capacity constraints are reaching a critical level, necessitating the consideration of Express Service upgrades in the majority of instances.
INDIA	AMERICAS & EMEA		Demand is high to US. The capacity is constraint with major rates increase to US. The rate increased to EU and stabilized to Asia.
N. ASIA	AMERICAS & EMEA		The capacity to US is constraint, mainly due to the high demand of e-commerce and the lack of the passenger flights capacity between CN and US. The bad weather condition in ANC impacted the full freighter capacity in transpacific. The rates to EU and US have drastically increased.
S. ASIA	AMERICAS & EMEA		The overall export markets in Southeast Asia continue to be soft to EU, increasing to US. 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		October showed a 4% overall volume increase in the region, leaving good optimism for November. Overall capacity was also up approximately +10% as PAX services continue to return to the market, but caution should be kept due to the end of the year holidays approaching, that can create some sort of impact in capacity, demand, and rates. On the rate side, slight decreases ex-Europe to South America (-3%).
EMEA		Tel Aviv (TLV) Airport highly congested due to the war in Israel – delays in handling to be expected!