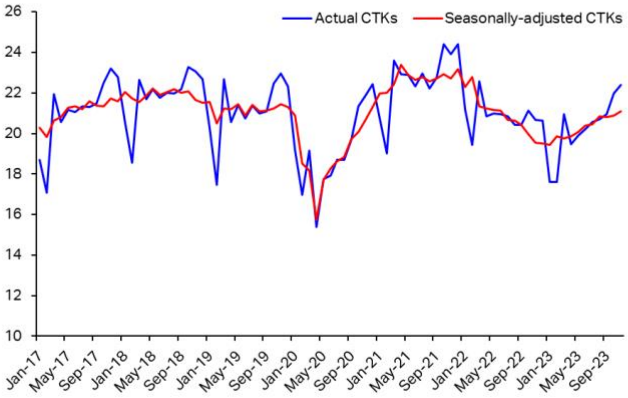
CRANE WORLDWIDE LOGISTICS

AIR MARKET UPDATE

January 2024

CURRENT STATE

- In November, there was a remarkable 8.3% year-on-year growth in global air cargo demand, marking the highest annual increase in air cargo tonne-kilometers (CTKs) in approximately two years. However, industry CTKs remain 2.5% below 2019 levels at this juncture. **(right chart)**
- YoY growth in international CTKs was evident on a global scale (+8.1%), with positive trends observed across major trade routes, except for intra-Europe routes. Routes involving the Middle East and Asia were particularly influential in driving this annual growth.
- Available cargo tonne-kilometers (ACTKs), a metric measuring global air cargo capacity, have consistently exceeded 2019 levels for the past seven months. This sustained growth is attributed to the ongoing expansion of international passenger belly capacity, contributing to a notable 13.7% YoY increase in ACTKs in November.



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

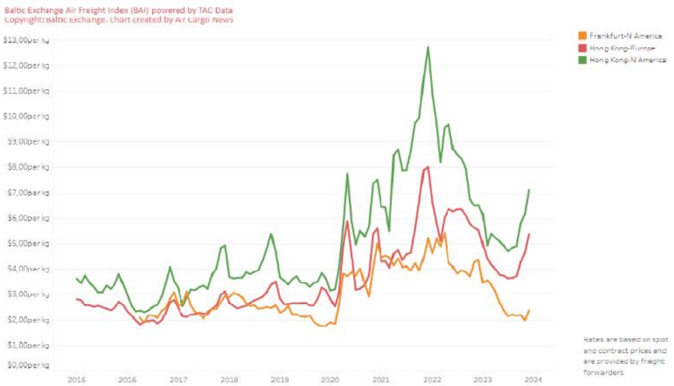
- The rise in global air cargo traffic is accompanied by a slight increase in load factors on a month-on-month basis. This growth is supported by stable global trade figures, a reduction in inflation across most major economies, declining jet fuel prices, and an uptick in air freight yields.

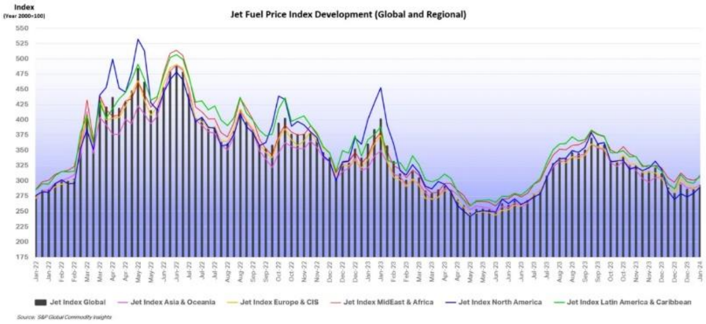
Source: IATA

MARKET DEVELOPMENTS

- Despite the Red Sea crisis, the airfreight sector has not experienced a substantial surge in demand or rate increases. However, clients are actively seeking alternative transportation options, leading to an increase in inquiries for alternatives to sea transport.
- December's Baltic Exchange Airfreight Index reported an increase in all-in rates from Hong Kong to North America, reaching $7.10 per kg, a 9.2% rise from the previous year.
- Similarly, rates from Hong Kong to Europe peaked at $5.36 per kg in December, the highest in 2023, but ultimately fell below $4.50 per kg by the year-end.
- Anticipated decline in airfreight rates in 2024 due to the gradual return of belly capacity to the market, driven by a recovery in international passenger flights.

Source: Baltic Exchange Air Freight Index (BAI)





- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending January 12th was down 4.9% compared to prior year's average at $106.78/bbl.
- The largest increases vs. previous month's average were seen in North America at 4.2%, followed by Latin & Central America at 3.7%.

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

ORIGINS

	AMERICAS	LATAM	EMEA	INDIA	N. ASIA	S. ASIA
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/EMEA/ASI	🟡	The congestion situation at GRU airport has been more effectively managed, although sporadic operational issues persist, leading to occasional disruptions in the standard shipping processes. It is advisable to proactively engage with the SAO station to coordinate export and import operations. The capacity and rates from Latin America remain relatively stable when compared to inbound rates. Discussions have commenced regarding potential volume increases and associated costs, likely influenced by the Red Sea situation in ocean transportation. This may have a consequential impact on cargo demand via air mode as shippers potentially adjust their behaviors.
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. We expect rate increases before and after the upcoming Chinese New Year.
	AMERICAS	🟡	Available capacity is still outscoring the demand due to the historically slow start into the new year – therefore we are seeing stable rates into all major US-Airports on a lower level for wide-body cargo characteristics. For freight requiring a freighter aircraft the demand is much higher and the rates have the tendency to increase.
INDIA	AMERICAS & EMEA	🟡	Demand is decreasing to US and EU. The capacity is less constraint to US, but the rates are still high (they should decrease after Chinese New Year), The capacity is available to EU, with rates decreasing. The Red Sea-related demand yet to materialize but enquiries rise, at current stage there is no significant impact on rates and capacities yet.
N. ASIA	AMERICAS & EMEA	🔴	The capacity to US is less constraint than DEC23, mainly due to the drop of e-commerce. The rates to EU and US are much lower than DEC23, but still on the high side, they should decrease after Chinese New Year. The Red Sea-related demand yet to materialize but enquiries rise, at current stage there is no significant impact on rates and capacities yet.
S. ASIA	AMERICAS & EMEA	🔴	The overall export markets in Southeast Asia continue to be soft to EU, decreasing to US. The rate to US is decreasing, but still on the high side. The rates are stable to EU and Asia. All rates should decrease after Chinese New Year. The Red Sea-related demand yet to materialize but enquiries rise, at current stage there is no significant impact on rates and capacities yet.

IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
LATAM	🟡	Substantial double-digit percentage reductions were observed across nearly all primary intercontinental routes, notably towards Central & South America, experiencing declines of -40% southbound and -28% northbound. Conversely, rates originating from Europe have demonstrated an average increase of 20%. Persistent delays in transiting the Panama Canal continue to pose challenges, leading to transportation disruptions to the Caribbean and the East Coast of South America. Consequently, shippers are compelled to transition from ocean to air transport. The prevailing circumstances in the Red Sea are anticipated to exert influence on costs and demand via air transport, not to mention the potential impact of the Panama Canal situation and the upcoming Chinese New Year.
EMEA	🟢	No major updates