

# AIR MARKET UPDATE

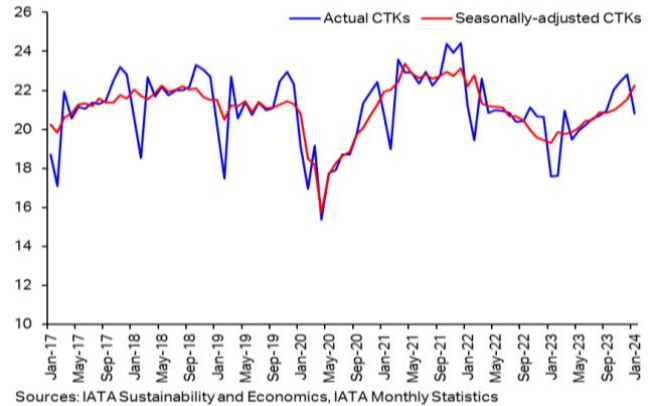
March 2024



## CURRENT STATE

- January witnessed a remarkable surge in global air cargo demand, registering an impressive 18.4% year-on-year growth, marking the highest annual increase in cargo tonne-kilometers (CTK) since the 2021 summer season. Seasonally adjusted CTKs also saw a 3.2% month-on-month increase. **(right chart)**
- International CTKs demonstrated year-on-year expansion globally (+19.8%), showing growth across all major trade lanes, particularly prominent routes involving the Middle East and Asia.
- The industry observed a 14.6% year-on-year rise in available cargo tonne-kilometers (ACTK) last month, mainly attributed to the continuous expansion of international passenger belly-hold capacity.
- The growth in air cargo traffic compared to January 2023 was supported by a reduction in inflation across major economies, surpassing year-on-year growth in trade and production figures.
- Industry-wide air cargo yields experienced a 10.4% decline compared to the previous month, with no evident upward pressure from the Red Sea Shipping Crisis.

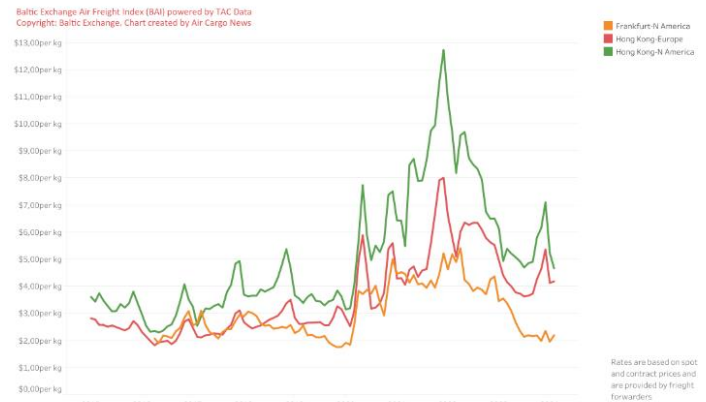
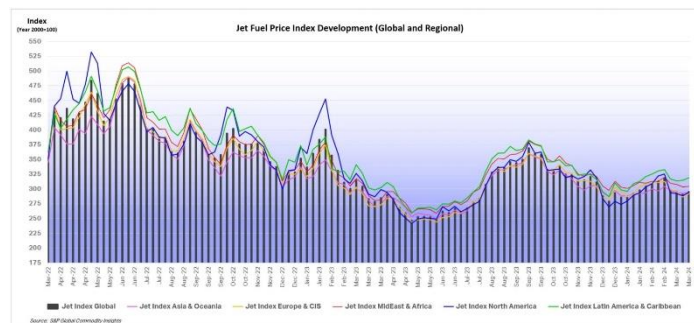
Source: IATA



## MARKET DEVELOPMENTS

- Air cargo rates on major east-west routes experienced declines in February compared to the previous year, influenced by the timing of the Lunar New Year break.
- According to the latest data from the Baltic Exchange Airfreight Index (BAI), rates from Hong Kong to North America dropped by 5.5% year-on-year in February, reaching \$4.66 per kg. Prices from Hong Kong to Europe also saw a decline of 5% year-on-year, amounting to \$4.18 per kg, although they showed an increase compared to January's rate of \$4.12 per kg.
- Towards the end of the month, rates from Hong Kong to Europe surpassed those to North America, a phenomenon seldom observed. This trend may indicate a shift in transportation mode, as businesses seeking to ship to Europe explore alternatives to ocean shipping, which has been impacted by Red Sea crisis.

Source: Baltic Exchange Air Freight Index (BAI)



- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending March 15th was down -4.0% compared to prior year's average at \$107.86/bbl.
- The largest decreases vs. previous month's average were seen in North America at -4.9%, followed by Europe at -4.5%.
- Prices rose in February in part due to continuing uncertainty and increased risk around the attacks targeting commercial ships transiting the Red Sea shipping channel, as well as an anticipated extension to voluntary OPEC+ production cuts, which were officially announced on March 4.

Source: IATA / U.S. Energy Information Administration



**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		In the USA, fluctuations in demand for air transport services are observed due to the economic slowdown. Some sectors are experiencing increased demand (e-commerce, medical supplies), while others are facing a slowdown (automotive, manufacturing). Factors such as fuel prices, geopolitical tensions and trade policies influence the air transport market. There has been an increase in spot quote requests recently, but we see no change for the US to EMEA aviation markets.
	SOUTHEAST ASIA		A similar situation with the European market in the American market to Asia.
	LATAM		We do not see any disruptions on the US and South American markets.
LATAM	AMERICAS		Latin American airlines have faced a +13% increase in cargo volumes compared to last year, and a +6.4% compared to Dec 2023. Capacity in Jan/Feb was also up +14%, with an increase in tonnage Kgs of +2%. Rates have been trending down -8%. All destination regions are stable, but occasionally facing some minor capacity issues into North America (depending on the destination). On the Passenger side, traffic rose +17% YOY. Capacity has grown over Jan/Feb in +13% average, pushing the load factor up.
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 outscoring the demand - we are seeing stable rates into all major US-Airports on a medium 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		Red Sea crisis impacts the capacity ex IN, increasing the rates to EU and US due to higher demand. High volume of Perishable (Mangoes) expected from FEB to MAR.
N. ASIA	AMERICAS & EMEA		The capacity to the United States is less constrained compared to December 2023, primarily attributable to the decline in e-commerce activities. Rates to both the European Union and the United States are notably lower than those observed in December 2023, albeit still relatively high, with a projected decrease following the Chinese New Year period.
S. ASIA	AMERICAS & EMEA		Export markets in Southeast Asia exhibit sustained softness towards both the EU and the US. However, it is notable that rates to these regions remain relatively elevated.

## IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
LATAM		Average rates are trending down (-6%) from main origin regions into Latam (EUR, NA, Asia), and capacity are stable in most of these origins. NA to Latam have is averaging a 2% increase, and Asia and Europe show stability during the first 2 months of the year.
S. ASIA		