

AIR MARKET UPDATE

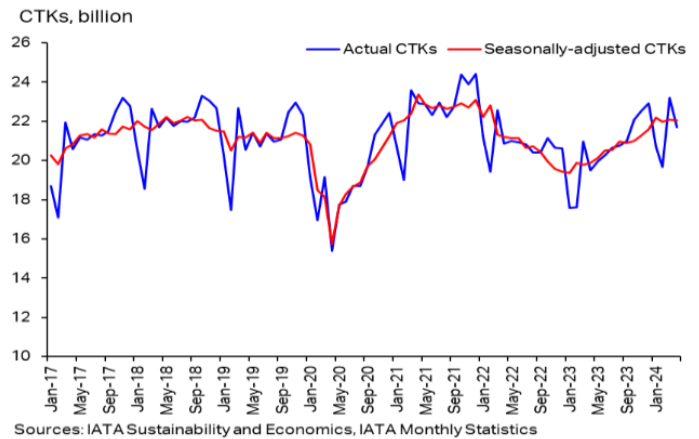
June 2024



CURRENT STATE

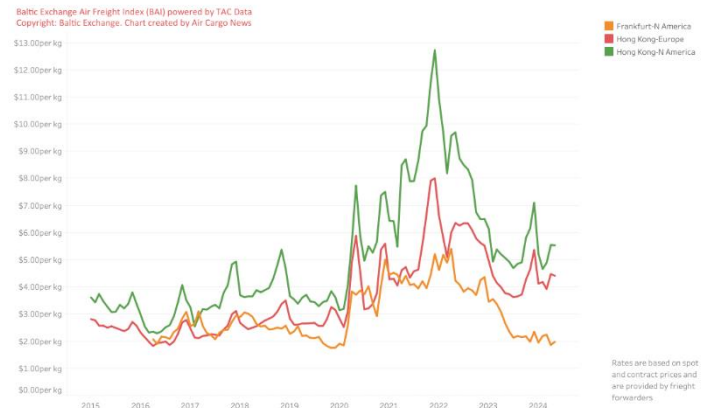
- The air cargo sector has experienced five consecutive months of double-digit demand growth, with an 11.1% year-on-year (YoY) increase. **(right chart)**
- Global international traffic also rose by 11.6%, supported by all regions and major trade lanes. Airlines from Asia Pacific and Europe saw the highest growth rates, ending the Middle Eastern carriers' seven-month streak of leading regional annual expansions.
- On the capacity side, the industry-wide capacity saw a 7.1% annual increase last month. However, the persistent capacity growth, driven by returning passenger aircraft, has begun to slow.
- Inflation, gauged by the annual change in the Consumer Price Index (CPI), remained steady in April compared to March in the US, the EU, and Japan, with rates at 3.4%, 2.6%, and 2.5%, respectively. Consequently, consumer price inflation persisted above target levels in these major economies. Conversely, China's consumer price inflation remained near zero in April, consistent with the trend over the past year, with the latest figure at 0.2%.

Source: IATA



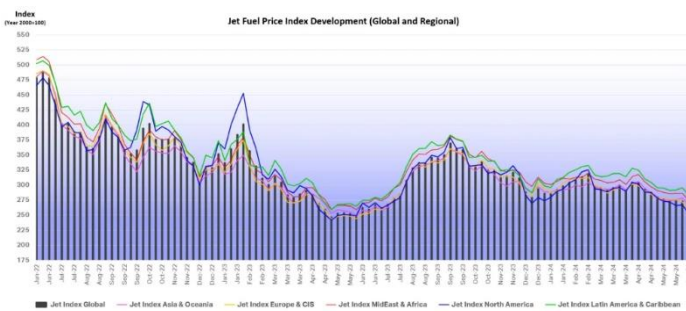
MARKET DEVELOPMENTS

- Airfreight rates continued to climb in May, with demand surpassing last year's levels. Rates for shipments from Hong Kong to North America saw a year-on-year increase of 9.1%, reaching \$5.53 per kg.
- Similarly, rates from Hong Kong to Europe rose by 17% compared to the previous year, now standing at \$4.41 per kg.
- This marks the second consecutive month of year-on-year rate increases for both routes, following approximately 20 months of declines. The higher prices are indicative of the challenging market conditions in 2023. Contributing factors include a surge in e-commerce volumes from Asia and the Red Sea shipping crisis, which has led to a shift towards air transport and the rise of sea-air solutions from the Middle East and South Asia.
- In contrast, rates from Frankfurt to North America dropped by 25.8% compared to last year, now at \$1.98 per kg. This is also below the pre-Covid rate of \$2.21 per kg in 2019.



- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending June 7th was down -15.1% compared to prior year's average at \$95.31/bbl.
- The largest decreases vs. previous month's average were seen in North America at -6.0%, followed by Europe at -5.9%.

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	DEMAND & CAPACITY		DEMAND			
	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		Summer schedules have increased capacity the current market has been relatively soft. Airlines are eager to fill US outbound flights and have been providing aggressive rates to do so.
	ASIA		The capacity is dictated by inbound surge which leaves reverse legs with open capacity. There are many freighter carriers servicing the region providing open space for bookings and Adhoc spot opportunities.
	LATAM		As we move into the summer months, we have seen capacity increases mostly due to flower season and past holidays. During COVID the demand exceeded capacity now we are seeing the reverse as COVID relief goods taper off. There is ample space and rates are starting to show this market demand change.
LATAM	GLOBAL		In Latin America, capacity has increased by 4%, accompanied by a 4% growth in chargeable weight (Kg). However, May experienced a 4% rate decrease due to the higher market capacity. The Latam-North America trade lane saw a 9% decline in chargeable weight compared to April. The GRU-Mexico route continues to encounter backlog and flight delays for both general and perishable cargo, with this situation expected to persist for an additional 2-3 months.
EMEA	ASIA		Stable rates and available capacities in Greater China, as well as increased capacities to Australia, Taiwan, Japan, and South Korea, indicate a reduction in airfreight rates.
	AMERICAS		Available capacity is currently exceeding demand, resulting in stable rates at a moderate level for wide-body cargo services to all major U.S. airports. The introduction of additional capacity with the summer schedule in April has contributed to this balance. Rates are expected to further decline during the upcoming summer holiday season.
INDIA	AMERICAS & EMEA		The Red Sea crisis impacts the capacity ex IN, increasing the rates to EU and US. the demand is increasing to US and EU.
N. ASIA	AMERICAS & EMEA		E-commerce platforms block space agreements have a big impact on the capacity and pricing to US and EU. The conflict IR/IL and port congestion have also impacted the capacity and the rates to Asia and Europe.
S. ASIA	AMERICAS & EMEA		The overall export markets in Southeast Asia gradually increase to EU and to US. The rates to US an EU are still on the high side due to capacity constraint (E-commerce impact, port congestion and passenger flights payload).

IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
LATAM		The high demand for cargo capacity has led to elevated spot prices for shipments from India to Latin America. Freight rates from Europe to Latin America have increased by 3%, while rates from Asia have seen a modest rise of 2%.
S. ASIA		