

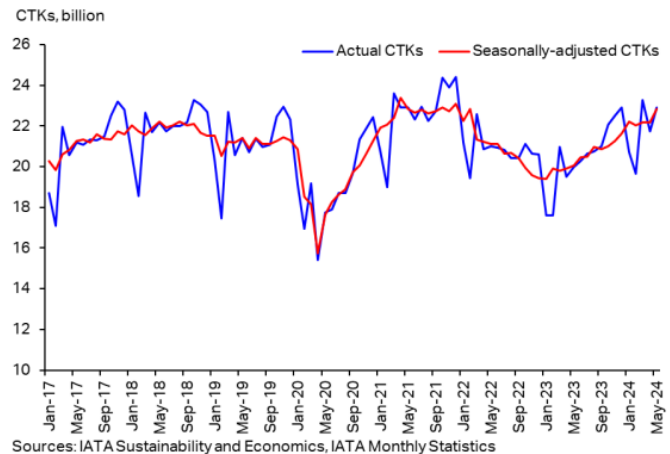
# AIR MARKET UPDATE

July 2024



## CURRENT STATE

- Industry-wide demand, measured in Cargo Tonne-Kilometers (CTKs) expanded by 14.7% year-on-year (YoY). After seasonal adjustment, CTKs also grew by 3.1% compared to the previous month. **(right chart)**
- International traffic increased by 15.5% YoY, supported by all regions and major trade lanes. Carriers from Africa and Asia Pacific recorded the highest annual growth, with demand on the Africa-Asia trade route expanding by an impressive 40.6% YoY.
- On the capacity side, available Cargo Tonne-Kilometers (ACTKs) saw an industry-wide annual increase of 6.7%, setting a new record for global monthly capacity levels.
- In May, there were slight improvements in global production and trade figures, which maintained optimism among purchasing managers for new export orders and manufacturing.
- E-commerce activities, driven by major Chinese exporters like Temu and Shein, continued to boost market strength. Disruptions in ocean shipping, caused by ships rerouting away from the Red Sea to the Cape of Good Hope, have significantly increased ocean freight rates, making air cargo a more cost-effective option.

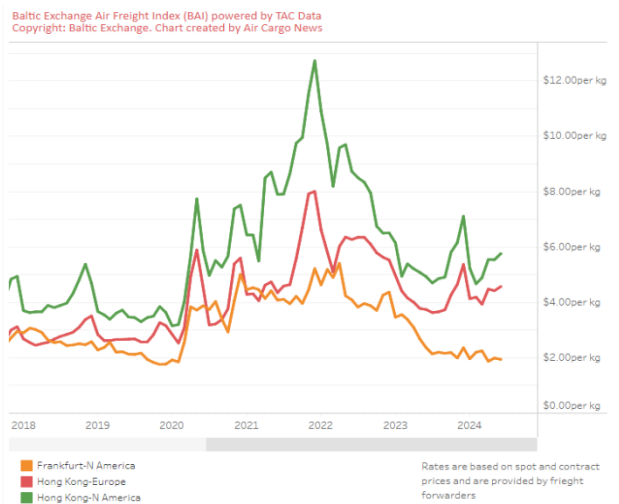


Source: IATA

## MARKET DEVELOPMENTS

- According to the latest TAC Index data, global air freight rates remained steady throughout June. TAC Index, a leading air freight price reporting agency, reported that the Baltic Air Freight Index declined by 1.2% over the four weeks leading to July 1 but remained 10.4% higher year-over-year.
- Recent data indicated that rates from Hong Kong to both Europe and North America were higher than the previous year and showed a slight increase from May. For example, the average rate from Hong Kong to North America in June was \$5.75 per kg, up 16.9% year-over-year and slightly higher than May's \$5.53 per kg. Similarly, rates from Hong Kong to Europe rose 22.3% year-over-year to \$4.56 per kg in June, compared to \$4.41 per kg in May.
- In contrast, the European market showed weaker performance. The outbound index from Frankfurt dropped by 3.4% month-over-month, resulting in an 18.3% year-over-year decline. While outbound rates from London Heathrow rose by 6.4% month-over-month in the last week of June, they were still down 27.2% year-over-year.
- From the Americas, the market weakened, with a significant drop in the final week of June. The volatile index of outbound routes from Chicago decreased by 15.9% month-over-month and 32.0% year-over-year.

Source: Baltic Air Freight Index



## JET FUEL DEVELOPMENTS

- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending July 12th was down -7.8% compared to prior year's average at \$103.50/bbl.
- The largest increases vs. previous month's average were seen in North America at 3.5%, followed by Europe at 3.0%.

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. US/EU trade lanes remain soft.
	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 booking opportunities. We are starting to see capacity restraints with India inbound freighters this being reported by our airline partners.
	LATAM		As we move into the summer months, we have seen capacity increases due to increased travel. There is ample space and reduced market demand.
LATAM	GLOBAL		Capacity in Latin America has increased by 2%, accompanied by a 3.7% growth in chargeable weight (Kg). Air export rates to Europe remained stable in June and July, while rates to North America experienced a slight increase, driven by the pharmaceutical and agrochemical sectors. The GRU-Mexico route continues to experience backlog and flight delays for both general and perishable cargo, a situation expected to persist for at least the next 2-3 months.
EMEA	ASIA		Stable rates and available capacities into Greater China, as well as increased capacities to Australia, Taiwan, Japan, and South Korea, secures stability 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		Red Sea crisis and container shortage impact the capacity ex IN. The rates to EU and US are still on the high side. 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 port congestion and container shortage have also impacted the capacity and the rates to Asia and Europe, increasing every two weeks.
S. ASIA	AMERICAS & EMEA		The overall export markets in Southeast Asia 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, container shortage and passenger flights payload).

## IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
LATAM		Spot rates from India and China developed higher than expected in June and July. Meanwhile, rates from Europe to Latin America are trending upward by +1%.
S. ASIA		