

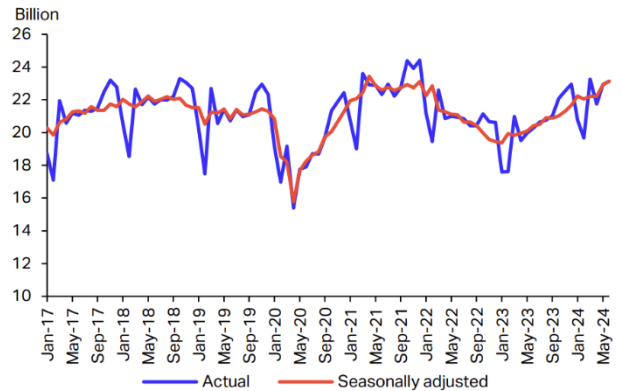
# AIR MARKET UPDATE

August 2024



## CURRENT STATE

- Cargo demand, measured in cargo tonne-kilometers (CTKs\*), grew by 14.1% compared to June 2023, with international operations experiencing a 15.6% increase. This marks the seventh consecutive month of double-digit growth compared to the previous year. **(right chart)**
- Cargo capacity, indicated by available cargo tonne-kilometers (ACTKs), saw an 8.8% rise compared to June 2023, with international operations showing a 10.8% increase.
- Overall, demand in the first half of the year (H1) rose by 13.4% compared to H1 2023, 4.3% compared to H1 2022, and 0.02% compared to H1 2021.
- In June, inflation trends varied. In the EU and Japan, inflation rates remained steady at 2.6% and 2.8% respectively, while in the US, it fell to 3.0%. Meanwhile, China's inflation rate stayed close to zero (0.3%), reflecting weak domestic demand due to high unemployment, slow income growth, and ongoing challenges in the real estate sector—a pattern observed since 2023.

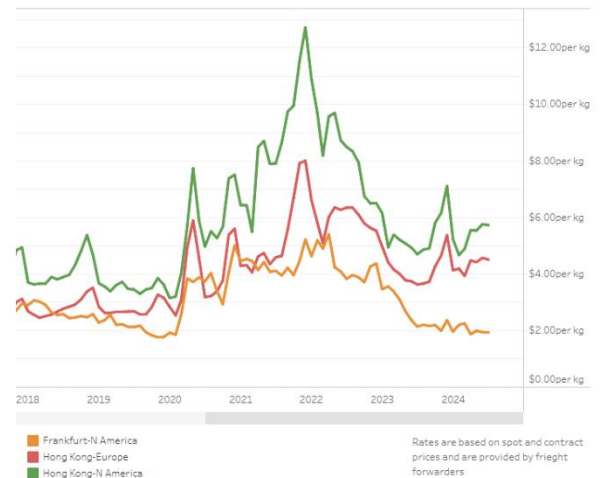


Source: IATA Sustainability and Economics, IATA Monthly Statistics

Source: IATA

## MARKET DEVELOPMENTS

- Recent TAC Index data reveals a slight decline in airfreight rates from Hong Kong to Europe in July, dropping to \$4.50 per kg from \$4.56 in the previous month. Similarly, rates from Hong Kong to North America decreased to \$5.72 per kg, down from \$5.75 in June. The overall index saw a 0.9% decline.
- These stable rates align with the typically quieter summer season, yet they remain higher than the previous year. Rates from Hong Kong to Europe have increased by 24.3%, while rates to North America have risen by 22%, driven by heightened e-commerce demand and a shift from ocean freight, despite a weaker summer in 2023.
- Conversely, transatlantic rates continue to struggle due to market overcapacity, with passenger airlines significantly increasing capacity this year. Prices from Frankfurt to North America fell 9.9% year on year in July, settling at \$1.92 per kg, unchanged from June.
- Globally, average airfreight rates in the first half of 2024 were 8% lower than in the same period of 2023, with the Middle East & South Asia region being the only one to record a year-on-year increase (+27%) due to disruptions in container shipping caused by attacks on vessels in the Red Sea. However, since May, global rates have returned to positive territory year-on-year, driven by significant price increases from Asia Pacific and Middle East & South Asia origins.



Source: Baltic Exchange Air Freight Index (BAI) powered by TAC Data

## JET FUEL DEVELOPMENTS

- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending August 9<sup>th</sup> was down -17.0% compared to prior year's average at \$93.20/bbl.
- The largest decreases vs. previous month's average were seen in North America at -9.7%, followed by Latin America at -9.6%.

Source: IATA

Source: Baltic Air Freight Index



**RED**  
Demand exceeded capacity available. Rates increased.



**YELLOW**  
Demand higher and 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		Summer schedules still in place increased capacity the current market has been relatively soft. Airlines are still eager to fill US outbound flights. US/EU trade lanes remain soft.
	ASIA		The capacity is currently being influenced by inbound surges, resulting in available capacity on the reverse legs. Numerous freighter carriers servicing the region are offering open space, presenting booking opportunities. However, we are beginning to observe capacity constraints on inbound freighters from India, as reported by our airline partners. Additionally, freighter space into Singapore has been tightening over the past few weeks.
	LATAM		Summer schedules still in place, we have seen capacity increases due to increase travel. There is ample space and reduced market demand.
LATAM	GLOBAL		Air export rates to Europe (LHR/FRA/AMS) are rising in August, with a slight increase in rates to North America, driven by reduced cargo capacity due to limited freighter services. Airlines are reallocating cargo jets from Latin America to Asia to capitalize on the e-commerce surge. As a result, air rates between Asia and Latin America have increased by 5% from Q2 to Q3 and are up 47% year-over-year (YOY).
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. Additionally, capacity challenges to China may increase, as British Airways will be suspending flights to Beijing starting October 26th. This decision is due to the extended flight times resulting from the Russian airspace ban.
	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. Starting in November 2024, airlines such as Lufthansa, Qatar Airways, and Cargolux will be reallocating a portion of their freighter capacity from the transatlantic route to Asia in response to the e-commerce boom. Industry experts anticipate that this shift will lead to increased rates not only for oversized cargo but also for general cargo.
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		Airlines are reallocating cargo jets from Latin America to Asia to capitalize on the e-commerce surge. In the third quarter of 2024, several major carriers are exclusively utilizing narrowbody aircraft, which restricts the size and weight of individual shipments from cities such as Bogotá (BOG), Buenos Aires (EZE), and Santiago (SCL).
S. ASIA		