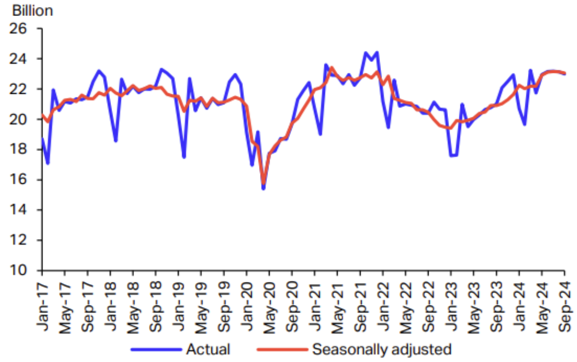
AIR MARKET UPDATE

CURRENT STATE

- Global air cargo demand, measured in Global Cargo Tonne-Kilometers (CTK) saw a 9.4% year-on-year (YoY) increase last month, marking the 14th consecutive month of demand growth. However, demand contracted slightly by 0.4% month-on-month (MoM) when adjusted for seasonality. **(Chart 1)**
- Latin America and the Caribbean led with a robust 19.8% YoY increase, while the within-Europe trade lane recorded an impressive 18.0% annual surge, outpacing other routes.
- Global air cargo capacity, measured in Available Cargo Tonne-Kilometers (ACTK), grew by 6.4% YoY in September. While capacity growth has slowed compared to earlier trends, it reached a record high.
- Global air cargo yields continue on a moderate upward trajectory, supported by declining jet fuel prices.

  Source: IATA

Chart 1 – Industry CTK (in billion)



Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics

MARKET DEVELOPMENTS

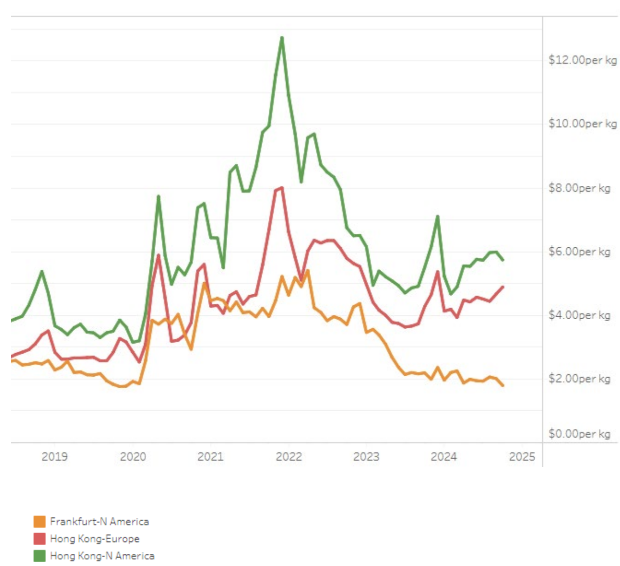
Airfreight rates remained stable throughout October, even as demand growth fell short of earlier expectations. Looking ahead, securing capacity could become increasingly challenging as market conditions evolve.

- On major trade lanes, rates between Hong Kong and North America rose by 4.4% year-over-year, although this marks a slowdown from the 22% annual increase seen in September. Outbound shipments from Shanghai experienced a stronger performance, with rates increasing by 12.6% month-over-month and an impressive 22.4% year-over-year. Other key origins across Asia, such as India, Vietnam, and Thailand, also reported rates significantly higher than 2023 levels. Year-on-year, rates from Hong Kong to North America have surged by 22%, while the route to Europe has experienced an even more substantial rise, with prices improving by 25.3%.
- The Hong Kong-to-Europe market continued its upward trend, which began in August. Rates reached an average of $4.88 per kilogram in October, up from $4.66 per kilogram in September, reflecting typical seasonal patterns. Conversely, the Frankfurt-to-North America trade saw rates decline by 18.3% year-over-year, primarily due to a surge in passenger belly capacity reintroduced over the past year.

JET FUEL DEVELOPMENTS

- The global average jet fuel price last week rose 3.1% compared to the week before to $91.87/bbl.
- The largest increases vs. previous month's average were seen in Asia & Oceania at 3.6%, followed by Middle East & Africa at 3.0%

  Source: AirCargoNews / IATA



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

🔴 **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	🔴	🔴	🔴	🟢	🔴	🔴
N. ASIA	🔴	🔴	🔴	🟡	🟢	🟢
S. ASIA	🔴	🔴	🔴	🟡	🟢	🟢

IMPACTED EXPORT MARKETS

ORIGIN REGION	DESTINATION REGION	STATUS	SPECIFICS
AMERICAS	EMEA	🟢	Winter schedules have been implemented, resulting in a reduction in overall capacity. However, there remains belly-hold passenger capacity available in the market.
AMERICAS	ASIA	🟢	Airfreight rates into Asia remain stable with ample capacity available. While slight rate increases are being observed due to seasonal demand and reduced capacity from the winter schedule, the impact is minimal and not a cause for concern.
AMERICAS	LATAM	🟡	The implementation of winter schedules and the reduction in freighter capacity to LATAM has an impact on overall capacity. There is a noticeable shift of cargo towards transshipment hubs, particularly Miami, which has become evident over the past few weeks. As these reductions take effect, we have observed a specific impact on capacity to Brazil.
LATAM	GLOBAL	🟡	Currently, there are no capacity constraints. However, with the peak season approaching, potential challenges may arise in the final weeks of the year.
EMEA	ASIA	🟢	Stable rates and available capacity in Greater China, along with increased capacity to Australia, Taiwan, Japan, and South Korea, ensure continued stability in airfreight rates.
EMEA	AMERICAS	🔴	Freighter and passenger aircraft capacity constraints on European routes to North America have intensified since the start of the winter schedule in November. Transatlantic freighter capacity is now fully booked through mid-December, while passenger belly space is largely reserved 7-10 days in advance. Key European gateways such as London, Frankfurt, Amsterdam, and Paris are affected, leading to significant rate increases for short-term bookings.
INDIA	AMERICAS & EMEA	🔴	The ongoing crisis in the Red Sea, combined with a container shortage, continues to strain airfreight capacity from India to the U.S. and Latin America. These lanes face elevated demand and rising rates, whereas capacity to Europe is less constrained, resulting in more stable pricing. However, rates to the U.S. and South America remain high due to increased demand.
N. ASIA	AMERICAS & EMEA	🔴	E-commerce platforms leveraging block space agreements are significantly affecting capacity and pricing on lanes to the U.S. and Europe. Additionally, port congestion and the ongoing container shortage have further tightened capacity and escalated rates across Asia-Europe and Asia-U.S. lanes, with increases observed every two weeks..
S. ASIA	AMERICAS & EMEA	🔴	Overall, export markets from Southeast Asia to Europe and the U.S. are growing, but rates to these regions remain elevated due to capacity constraints. These constraints are driven by factors such as e-commerce impacts, container shortages, and limited payload on passenger flights, particularly from Thailand and Vietnam.

IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
LATAM	🔴	Brazil's Guarulhos Airport (GRU) has faced operational bottlenecks following an unexpected surge in cargo volume, leading to a temporary embargo on international cargo between 7-11 November. Capacity constraints at Viracopos (VCP) also continue, with rate increases and availability limited to 3-4 weeks ex-Europe.
S. ASIA	🟢	