

AIR MARKET UPDATE



CURRENT STATE

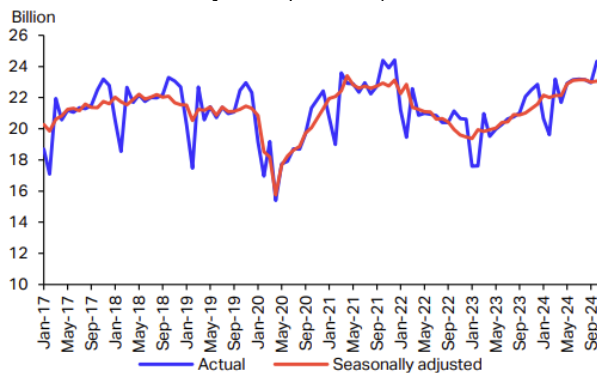
Cargo Demand which is measured in Global Cargo Tonne-Kilometers (CTK) recorded an 8.2% YoY growth. However, month-on-month (MoM) demand experienced a slight decline of 0.5% after seasonal adjustments. The year's cumulative CTK volumes set new records, highlighting the sector's resilience.

Capacity Growth measured in Available Cargo Tonne-Kilometers (ACTK) increased by 4.6% YoY, while the cargo load factor rose by 1.6 percentage points compared to 2023, reaching 49.0%. Belly-hold capacity continued to recover, contributing 51.6% to total capacity, surpassing dedicated freighters.

Global air cargo yields, inclusive of surcharges, increased by 7.8% YoY and 5.8% MoM, supported by e-commerce demand and constrained ocean shipping.

Source: IATA.com

Chart 1 – Industry CTK (in billion)



MARKET DEVELOPMENTS

The Baltic Exchange Airfreight Index revealed an 8.5% increase in average airfreight rates for December, reaching \$6.73 per kg—the highest level recorded in 2024. Despite this monthly rise, rates were 5.2% lower than in December 2023, reflecting increased proactive capacity booking by shippers and forwarders to avoid peak season price spikes.

On key trade lanes, rates from Hong Kong to Europe rose by 3.8% in December to \$5.49 per kg, marking a year-high and a 2.4% increase over December 2023, largely due to demand stemming from the Red Sea shipping crisis. However, the month-to-month increase was less pronounced than in 2023, further underscoring the impact of early planning by the market.

As expected, rates have softened post-Christmas during the quieter period, with a gradual rebound anticipated ahead of Chinese New Year on January 29. Shippers were reportedly active in late December, aiming to move goods ahead of potential tariff changes under incoming U.S. President Donald Trump.

The air cargo market in 2025 is set for a dynamic year, driven by steady growth in e-commerce, supported by seasonal and cross-border shopping trends. Stabilized fuel prices and economic recovery, including industrial production growth and trade expansion. Additionally, infrastructure investments in logistics hubs and digitalization will enhance operational efficiencies across the sector.

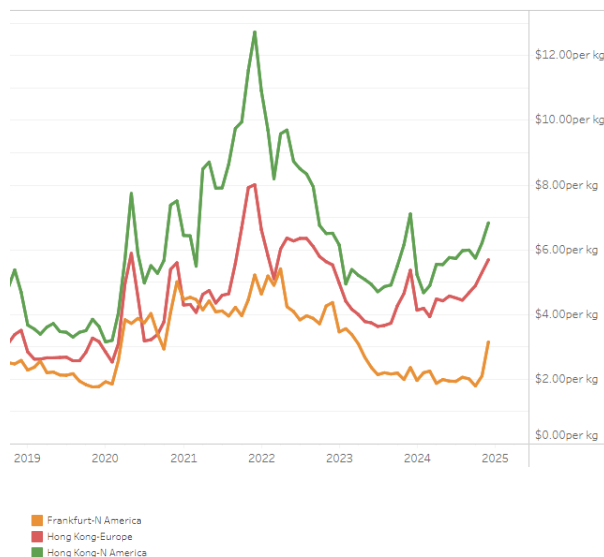
Source: AirCargoNews / IATA.com / Baltic Exchange Airfreight Index

JET FUEL DEVELOPMENTS

The global average jet fuel price last week rose 1.5% compared to the week before to \$94.63/bbl.

The largest increases vs. prior week's average were seen in North America at 8.2%, followed by Latin & Central America at 6.4%

Source: AirCargoNews / IATA.com



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

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	●	There are no capacity constraints or rate fluctuations, even with the winter schedule in place, which includes fewer passenger flights. The Americas market to Europe remains very soft
	ASIA	●	There remains ample capacity to South Asia, thanks to the significant increase in flights added last year to support the high demand for e-commerce shipments.
EMEA	ASIA	●	Relatively stable rates and available capacity into Greater China, along with increased capacity to Australia, Taiwan, Japan, and South Korea, ensure continued stability in airfreight rates.
	AMERICAS	●	Into the Americas, lower deck rates have eased compared to last year; however, capacity remains constrained. Main deck rates remain significantly elevated, with capacity particularly scarce for VCP.
INDIA	AMERICAS & EMEA	●	The ongoing crisis in the Red Sea region, coupled with a container shortage, is significantly impacting airfreight capacity from India to the U.S. and Latin/South America. In contrast, capacity to Europe remains less constrained, with reduced pricing pressure. Rates to the U.S. and South America are elevated, driven by increasing demand for airfreight to both the U.S. and Europe.
N. ASIA	AMERICAS & EMEA	●	Global air cargo demand continues to be fueled by e-commerce growth, influencing capacity and pricing trends for shipments to the U.S. and Europe. While rates from China and Hong Kong have decreased compared to Q4 2024, they remain significantly higher than those recorded in January 2024.
S. ASIA	AMERICAS & EMEA	●	To Europe, rates from Thailand and Vietnam have increased, whereas rates from Southeast Asia to the U.S. have declined from Q4 2024 levels but are still higher than those seen in January 2024.

IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
LATAM	●	The LATAM market has shown significant improvement since last month. Although rates decreased in January, they remain relatively high. Additionally, short-term space availability continues to be limited
S. ASIA	●	