

AIR MARKET UPDATE

CURRENT STATE

The industry's air cargo demand, measured in Cargo Tonne-Kilometers (CTK), increased 4.1% YoY in August, compared to 5.5% in July, reflecting a slowdown in the cargo market.

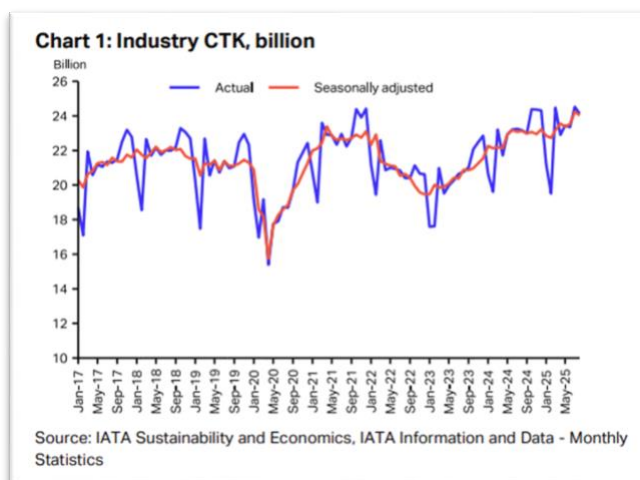
International CTK saw a 5.1% YoY rise, with most regions and routes posting single-digit gains. Africa led the international air cargo growth with an 11% YoY increase, accelerated by 0.5 percentage points versus July 2025.

Global available cargo space, measured in Available Cargo Tonne-Kilometers (ACTK), expanded by 3.7% YoY, while capacity utilization, Cargo Load Factor (CLF), slightly increased by 0.2 percentage points YoY.

Jet fuel price dropped by 6.4% YoY, making the fourteenth consecutive decline. Cargo yields continued to soften, with freight rates down 2.0% YoY, though the edge up 0.5% MoM.

Source: IATA.com

Chart 1 – Industry CTK (in billion)



MARKET HIGHLIGHTS

Regional Variances in Growth

- **Asia recovery dominates:** Strong WoW rebound ex-APAC - US lanes +17% (CN +24%, HK +22%, TW +24%, KR +96% post-holidays); APAC - EU +14%. CN/HK - US still below LY while CN/HK - EU above LY driven by e-commerce diversion post US de-minimis removal.

China-US spot rates climbed to \$4.90/kg (highest since April), unlike TW/KR which merely retraced prior dips; the China surge likely reflects front-loading ahead of higher US tariffs announced 10 Oct in response to Chinese rare-earth export curbs.

- **Europe demand sustained double-digit momentum:** Europe rose 17.9% in August, its fifth consecutive month of double-digit growth supported by excess freighter capacity reallocated from other lanes; Europe - North America increased 10.1%, marking a second consecutive month of strong gains.

- **Middle East sees modest YoY growth amid YTD decline:** CTK grew 2.7% YoY in August (up from 2.4% in July), though YTD demand remains down -2% due to ongoing security challenges. Middle East - Asia, accounting for 45.8% of regional demand in 2024, rebounded strongly, reaching record volumes with +7.8% YoY in August, reflecting a shift of Asian cargo away from North America.

- **North America and Latin America trends:** North America was the only region to see a YoY decline in demand, with carriers posting -2.1% CTK in August, reversing July's +0.7% recovery. Latin America & the Caribbean continued decelerating, growing +2.1% YoY (down from +2.5% in July), the weakest August growth since 2020 driven by softer exports to the US and a weakening USD.

- **Global air cargo demand remained solid:** Most key trade lanes recorded ≥7% YoY growth vs. August; Europe - Asia and intra - Asia delivered double-digit gains, while Asia - North America and Europe - Middle East contracted by 2.2% and 0.8%, respectively.

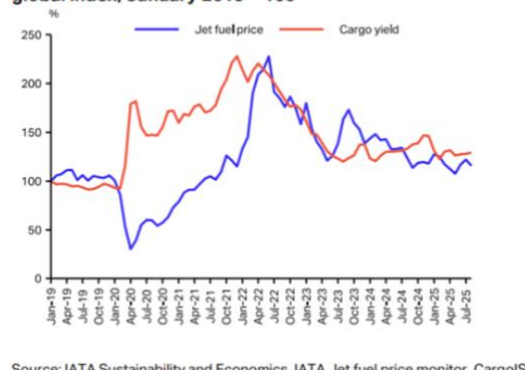
- **Declines concentrated on Asia-North America and Middle East-Europe:** Asia-North America fell 2.2% and Middle East-Europe 0.8%. Given Asia-North America represents ~25% of global air cargo, 38% of Asia flows, and 56.2% of North America's, its drop materially shaped network dynamics with tariff actions and removal of the US de-minimis exemption suppressing China exports and redirecting volumes to alternate Asia lanes.

JET FUEL DEVELOPMENTS

Jet fuel continues to soften, crack spread widens: Brent down 17% YoY to USD 68 on easing OPEC+ cuts; jet fuel down 6.4% YoY to USD 87.6/barrel (11% below 2024 avg) typically lead carriers to moderate or reduce fuel surcharges (BAF/CAF), easing cost pressure on shippers. However, widening crack spreads (+52% YoY) indicate refining margins remain strong, which can limit surcharge reductions as airlines hedge against downstream price volatility.

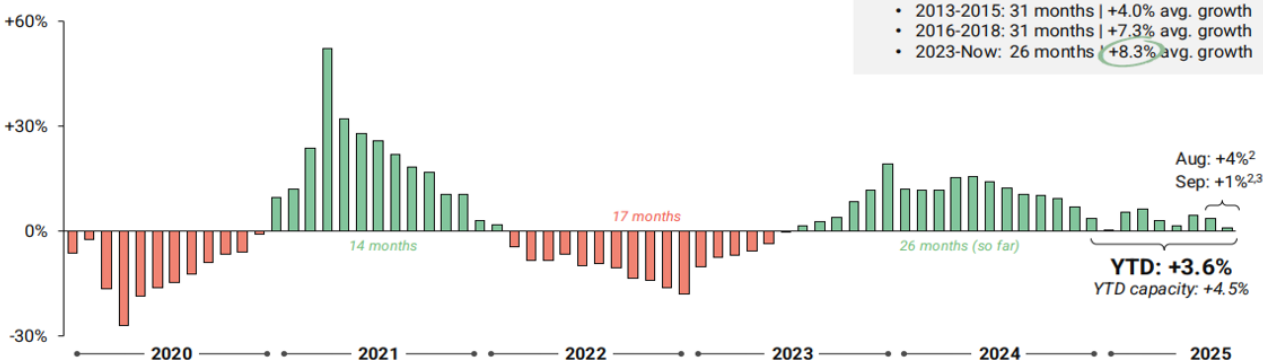
Cargo yields remain under pressure: Yields fell 2.0% YoY in August, fourth consecutive 2025 decline, partially offsetting Q1 gains; still +1.1% YTD through August. Europe and North America benefit from oversupply and lower local jet fuel costs, whereas Asia sees more stable or slightly higher surcharges due to export flows and demand recovery.

Chart 6: Jet fuel price and air cargo yield (with surcharges), global index, January 2019 = 100



Air cargo demand continues to grow, now at moderate pace

International air cargo demand growth
YoY change of FTKs¹ (%)



Global supply chains are realigning after US tariffs

Change in trade between selected regions (including e-commerce)
Thousand tonnes, May-June 2025 vs 2024



E-commerce, technology, consumer goods lead supply chain shifts

Change in trade between selected regions, by industry
Thousand tonnes, May-June 2025 vs 2024

Industry	1. US imports shift sources		2. China exports find other markets		3. Europe realigns supply	
	From China	From other Asia	To US	To Europe	From China	From other Asia
E-commerce	-59	-	-59	+114	+114	-
Technology	-25	+96	-25	+5	+5	-11
Consumer goods	-11	+21	-11	-1	-1	-3
Industrial	0	+9	0	+16	+16	+1
Others ¹	-1	-13	-1	+2	+2	-11
Total	-96	+113	-96	+138	+138	-24

Significant e-commerce shift from US to Europe

Mostly driven by (electrical) parts & components