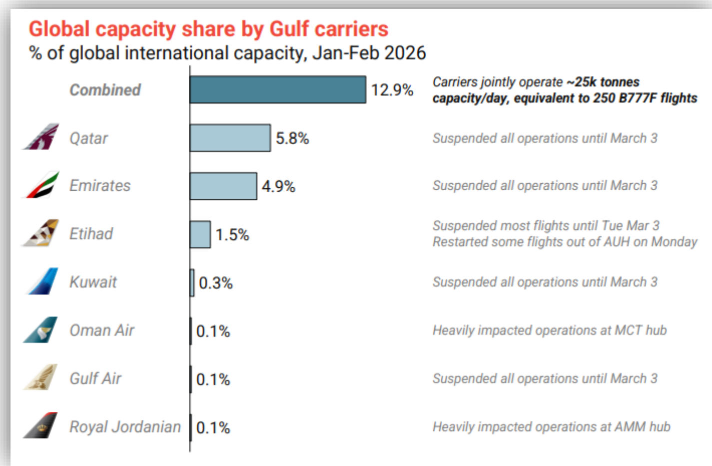
CRANE WORLDWIDE LOGISTICS

AIR MARKET UPDATE

CURRENT STATE

Middle East airspace closures:

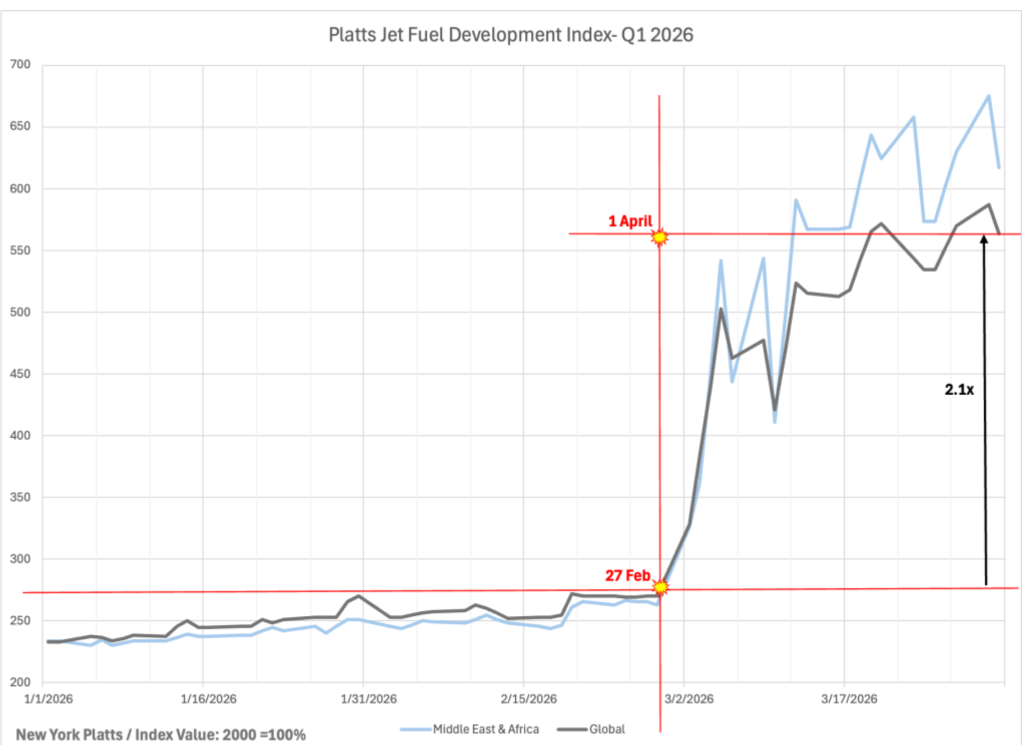


Source: Rotate

Observations & takeaway

- Global air cargo capacity experienced a sharp contraction of up to **-22%** following widespread airspace closures across the Middle East on March 1, highlighting the region's critical role in global network connectivity.
- Although capacity has progressively recovered since the disruption, it continues to operate at approximately **-10% below expected levels**, indicating a partial but incomplete normalization of the market.
- Over the two-week disruption period, the **average global capacity reduction reached -15%**, reflecting sustained pressure on available lift rather than a short-lived shock.
- Cumulatively, the market lost **over 520,000 tonnes of international cargo capacity**, equivalent to more than **two full days of global capacity**, compressed into just over a two-week timeframe, underscoring the scale and intensity of the disruption.
- This event reinforces the structural dependency on Middle East hubs for long-haul connectivity and highlights the vulnerability of global supply chains to regional geopolitical disruptions.

JET FUEL DEVELOPMENTS



Fuel Market Analysis – Q1 Overview:

Fuel

- During the first quarter, the fuel market exhibited pronounced volatility, primarily driven by ongoing geopolitical tensions that disrupted global energy supply chains and reshaped pricing dynamics across key markets.
- A critical inflection point was observed at the end of February, when the fuel index surged dramatically within a short period, increasing from approximately 270 to 560. This sharp escalation marked a structural break in the market rather than a short-term anomaly.
- As a consequence of this disruption, a new and significantly higher cost baseline was established. This shift has had a direct impact on Fuel Surcharge (FSC) levels, translating into an approximate increase of USD 1.00 per kilogram in total transportation costs.
- Although March saw some degree of fluctuation, fuel prices remained consistently elevated, stabilizing within a higher range compared to pre-disruption levels. This behavior reinforces the view that the market has undergone a structural adjustment rather than experiencing a temporary spike.
- In light of these developments, any pricing strategies anchored to previous fuel benchmarks are no longer representative of current market conditions and may result in considerable financial exposure.

Cargo Yields

- Yield increases and surcharges are needed to absorb rising fuel costs, but fuel-inefficient aircraft are on the edge of profitability.

Global profitability margin of a typical B777F flight
USD/kg

Yield, % increase →

Fuel price, % increase ↓

Fuel price \ Yield	Feb 20th	+10%	+20% April 1st	+30%	+40%
Feb 20th	0.41	0.65	0.89	1.13	1.37
+40% March 9th	0.11	0.36	0.60	0.84	1.08
+60% March 16th	-0.03	0.21	0.45	0.69	0.93
+80% April 1st	-0.18	0.06	0.30	0.55	0.79
+100%	-0.32	-0.08	0.16	0.40	0.64

Global profitability margin of a typical B747F flight
USD/kg

Yield, % increase →

Fuel price, % increase ↓

Fuel price \ Yield	Feb 20th	+10%	+20% April 1st	+30%	+40%
Feb 20th	0.34	0.58	0.82	1.06	1.30
+40% March 9th	-0.04	0.20	0.44	0.68	0.92
+60% March 16th	-0.23	0.01	0.25	0.49	0.74
+80% April 1st	-0.42	-0.17	0.07	0.31	0.55
+100%	-0.60	-0.36	-0.12	0.12	0.36

Jet fuel prices peaked at 4.45USD/gallon at 20 March

DEMAND & CAPACITY

ORIGINS	AMERICAS	LATAM	EMEA	INDIA	N. ASIA	S. ASIA
AMERICAS						
LATAM						
EMEA						
INDIA						
N. ASIA						
S. ASIA						

Demand exceeded capacity available. Rates increased.

Demand higher and or capacity is limited. Rates increasing

Both demand & capacity are at normal levels.

AIR CARGO CAPACITY GROWTH (last month):