



AIR FREIGHT MARKET UPDATE

Global Air Cargo Market Remains Strong Despite Geopolitical Disruptions:

The Global Air cargo market continues to demonstrate resilience. Although geopolitical events and regulatory changes are reshaping trade flows, demand remains above available capacity, supporting higher freight rates and stable carrier profitability.

Global demand continues to outpace capacity growth, particularly across Trans-Pacific and Asia-Europe trade lanes. At the same time, disruptions in the Middle East and new European customs regulations are creating regional imbalances that will continue to influence pricing and network decisions throughout Q3 2026.

Global air cargo capacity projected to grow ~3.4% in 2026:

- Global capacity is expected to grow by 3.7% in 2026 according to Rotare, driven by:
 - Increased belly capacity (+2%), between Asia and Europe (+12%).
 - The delivery of 40 freighter aircrafts (777F and 767F) which will bring more capacity to the market.
 - A 3% increase in utilization of large freighters (B777/B747)
- Without the Middle East conflict, which caused a -6% capacity decline in March, when the conflicts started, according to Rotare the capacity could have grown 4.2%.

KEY MARKET HIGHLIGHTS

1. Demand Continues to Outperform Capacity:

Global cargo demand increased approximately 6% YoY, while capacity grew only around 2%, resulting in higher aircraft utilization and strong load factors. This supply-demand imbalance continues to support firm pricing across most major trade lanes despite some recent softening in fuel prices. Asia Pacific and North America remain the primary drivers of global cargo growth.

2. Middle East Disruption Continues to Influence Global Networks:

Although the situation in the ME has stabilized compared to April, its impact remains visible. Key consequences include reduced capacity through traditional Gulf hubs; Rerouting of Asia-Europe services; Higher operating costs driven by longer flight paths; Continued application of Emergency Fuel Surcharges by several airlines. Global capacity has remained positive (+4% YoY), but much of the growth comes from direct Asia-Europe services replacing traditional ME connections.

3. Air Freight Rates Remain Elevated:

Spot markets yields increased approximately 44% YoY, while Jet Fuel prices remain roughly 38% above last year's levels. Although fuel costs have eased from their peak, carriers continue to maintain surcharge mechanisms due to operational uncertainty and network adjustments. Current market conditions continue to support profitable freighter operations worldwide.

4. Supply Chain Continue to Shift Toward Asia:

Manufacturing diversification and changes in global sourcing continue to reshape cargo flows. Key beneficiaries include Taiwan, Southeast Asia, India, and North America. Technology products, cloud infrastructure and semiconductor shipments remain among the fastest growing cargo segments, while traditional e-commerce growth begins to normalize in mature markets.

5. New EU Customs Policy Will Impact E-commerce Flows:

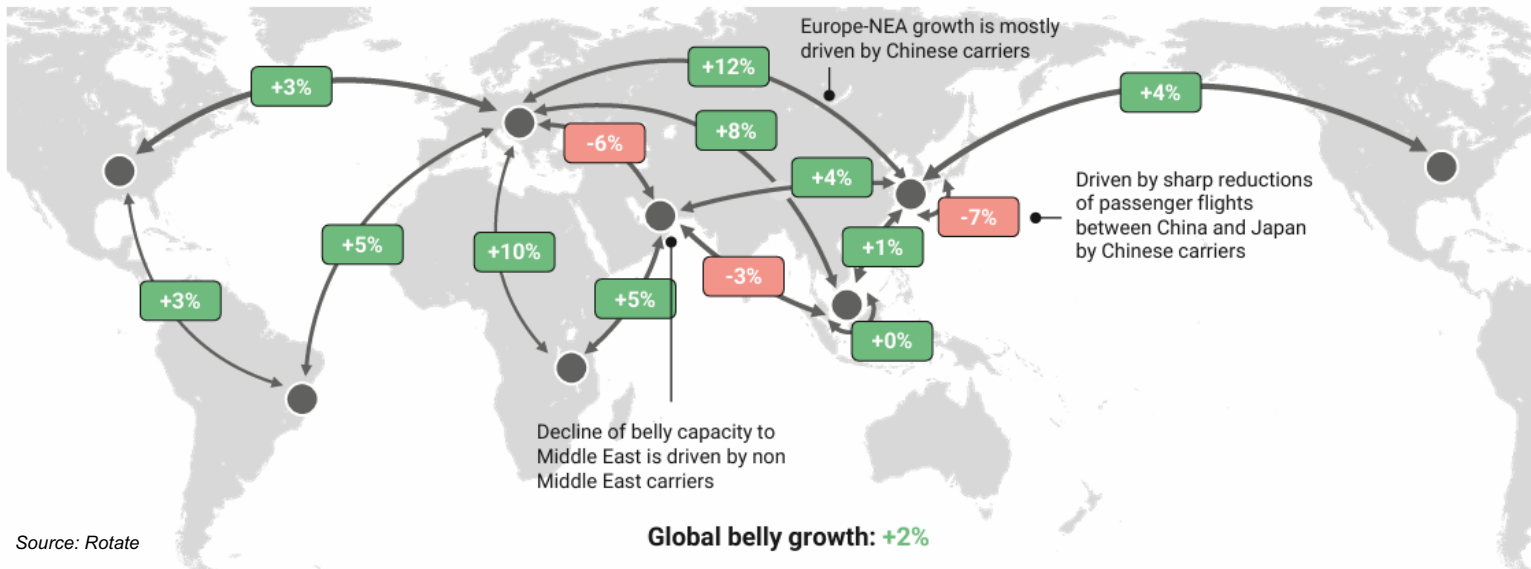
Effective 1 July 2026, the European Union removed the customs exemption for low-volume imports (<€150). Expected market impacts include reduction in China-Europe e-commerce volumes; potential shift of cargo through alternative gateways; increased customs processing requirements; and higher logistics costs for cross-border e-commerce. Industry estimates suggest that as much as 30% of EU e-commerce air cargo imports may be affected over time, representing the equivalent of nearly 5,000 freighter flights annually. Initial market data already indicates an approximately 18% reduction in direct China-Europe freighter capacity immediately following implementation.

MARKEY OUTLOOK (Q3 2026)

- The air cargo market is expected to remain relatively tight throughout Q3.
- While additional passenger belly capacity continues to return, ongoing geopolitical uncertainty, regulatory changes in Europe and sustained demand from technology and high-volume manufacturing sectors are likely to keep pricing above historical averages.
- Customers should expect continued market volatility, particularly for Asia-Europe and Asia-North America trade lanes, with periodic adjustments to carrier surcharges and capacity allocation.

Growth of scheduled international belly capacity

YoY ATK growth (%), Jun-Dec 2026



Source: Rotate

DEMAND & CAPACITY

	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):

Capacity growth per trade lane

Growth in tonnes, %, June 2026 vs May 2026

