



# Air Cargo Market Analysis

September 2023

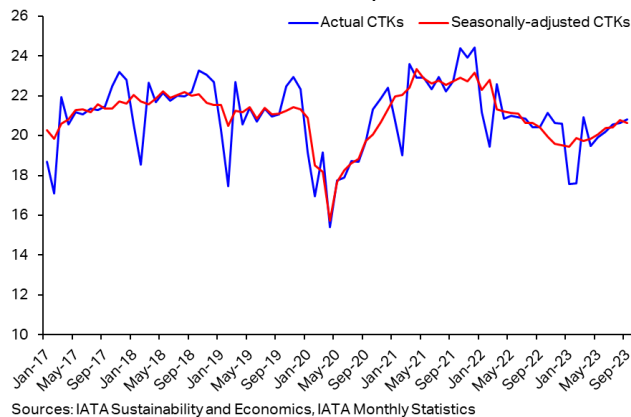
## Modest uptrend in cargo volumes amid soft demand drivers

- Industry cargo tonne-kilometers (CTKs) were up 1.9% year-on-year (YoY) in September. Compared to the pre-Covid level, global CTKs remained 1.3% lower.
- Air cargo capacity, measured in available cargo tonne-kilometers (ACTKs), increased by 12.1% YoY, driven by the strong growth of international belly cargo capacity from airlines in the Asia Pacific, Latin America, and the Middle East regions.
- Global trade experienced the fifth annual decline in a row, falling 3.8% in August. This slump in trade was also reflected in the slowdown in global new export orders PMIs and among all the major economies.
- Inflation in the US remained flat in September, while the trend in the producer prices was mixed. The recent surge in global jet fuel prices led to an increase in air cargo yields for the first time since November 2022.
- Airlines in the Asia Pacific, Latin America, Middle East, and North America regions all registered annual growth in their international CTKs in September, with Asia Pacific airlines seeing the strongest growth.

### Cargo maintained moderate growth in September

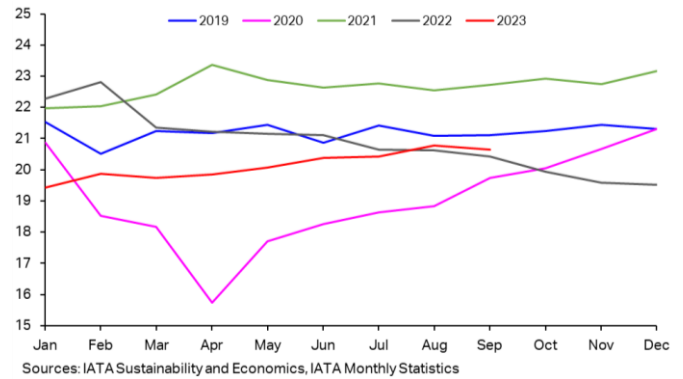
Global air cargo demand continued its year-on-year (YoY) growth in September. Cargo tonne-kilometers (CTKs) recorded 20.8 billion this month, increasing by 1.9% compared to September 2022 levels. This YoY growth is 0.7 percentage points (ppts) higher than in August. Seasonally adjusted (SA) CTKs stood at 20.6 billion, also 1.1% above the 2022 level. However, industry CTKs remained 1.3% lower compared to the pre-pandemic level (**Chart 1**). The expanded positive annual growth is also a result of a lower baseline in 2022.

**Chart 1 – Global CTKs (billions per month)**



Despite the annual growth in SA CTKs in September, cargo traffic was 0.6% lower compared to levels in the previous month (**Chart 2**). This is the first time since March that SA CTKs saw a month-on-month decline.

**Chart 2 – Seasonally adjusted monthly CTKs (billions)**



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

### Capacity continued to expand at fast rate

Industry capacity, measured by available cargo tonne-kilometers (ACTKs), grew by 12.1% YoY in September (**Chart 3**). This is the third month in a row that industry ACTKs recorded double-digit annual growth, driven by the sustained strong growth of international belly cargo capacity (31.5%), especially from airlines in the Asia Pacific (18.2%), Latin America (18.8%), and the Middle East (16.3%) this month. In comparison, international capacity growth for dedicated freighters saw an annual contraction of 0.3% YoY this month. SA ACTKs registered 47.6 billion, with the same annual growth rate as the ACTKs.

### Air cargo market overview - September 2023

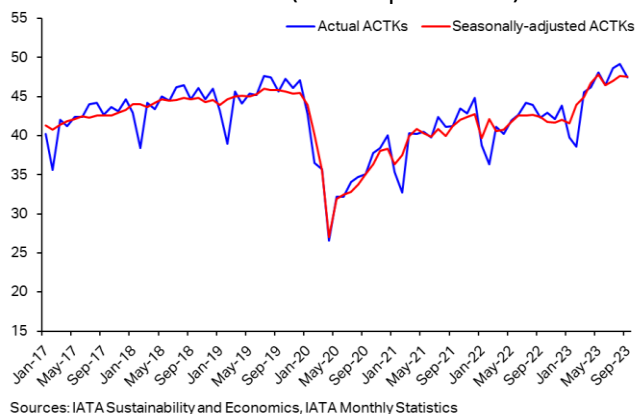
	World share <sup>1</sup>	September 2023 (% year-on-year)				September 2023 (% ch vs the same month in 2019)			
		CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>	CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>1.9%</b>	<b>12.1%</b>	<b>-4.4%</b>	<b>43.8%</b>	<b>-1.3%</b>	<b>3.9%</b>	<b>-2.2%</b>	<b>42.0%</b>
International	86.9%	1.6%	11.0%	-4.5%	49.0%	-1.7%	1.8%	-1.6%	47.2%

<sup>1</sup>% of industry CTKs in 2022

<sup>2</sup>Change in load factor

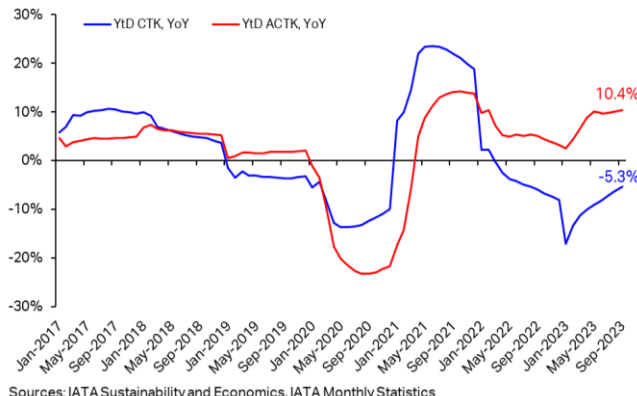
<sup>3</sup>Load factor level

**Chart 3 – Global ACTKs (billions per month)**



With the continued annual growth of air cargo demand, year-to-date (YTD) industry CTKs registered 177.8 billion in September and further narrowed the gap with 2022 CTK levels to 5.3% (**Chart 4**). The annual contractions of YTD CTKs have been shrinking by about 1.0% each month since March 2023, making significant improvement from the double-digit declines seen in January and February. Additionally, YTD industry ACTKs recorded 410.0 billion in September, which is 10.4% above 2022 levels (**Chart 4**).

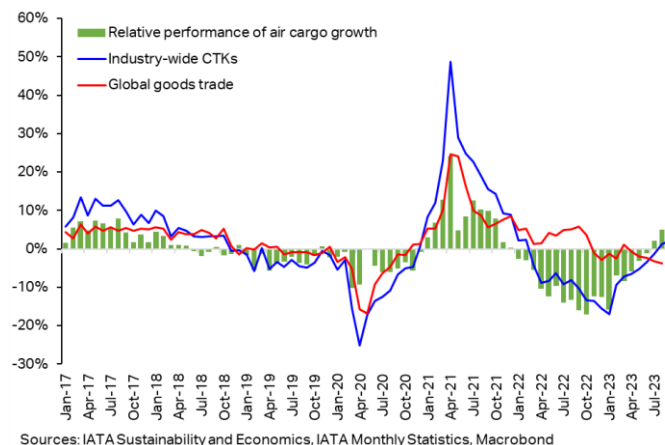
**Chart 4 – Year-to-date CTKs and ACTKs, year-on-year % change**



**Positive relative performance of air cargo continued amid softening trade growth**

Global cross-border trade experienced the fifth consecutive annual decline in August, falling 3.8%. This reflects the challenging global economic climate and the cooling cargo demand environment. Under the softening trade growth, the air cargo industry still showed resilience and outperformed global goods trade again in August by 5.1 ppts (**Chart 5**). However, while the annual decline of global goods trade is in comparison to a strong performance in 2022, the annual growth of air cargo is from a low base in the previous year. These base year effects are important considerations when comparing the relative performance of air cargo and global trade.

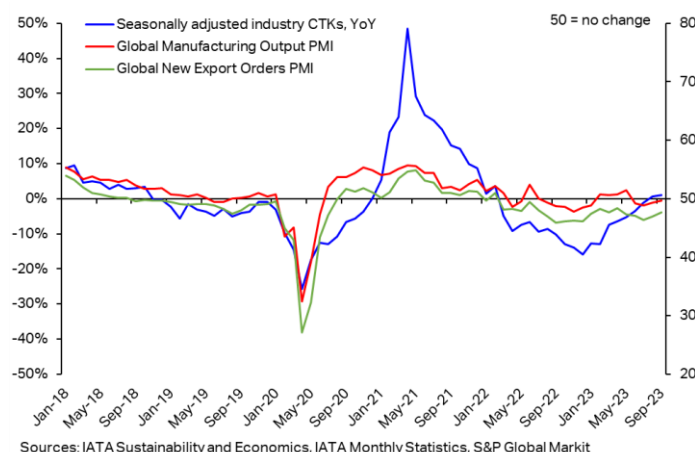
**Chart 5 – Growth of global goods trade and CTKs (YoY)**



**Manufacturing PMIs maintained upward trends in Sep**

The manufacturing output and new export order Purchasing Managers Indexes (PMIs) have historically served as leading indicators of global air cargo demand. Therefore, we closely monitor developments in these PMIs at a global level (**Chart 6**) and for major economies (**Chart 7**).

**Chart 6 – CTK (SA) growth, global manufacturing output and global new export orders PMIs (50 = no change)**

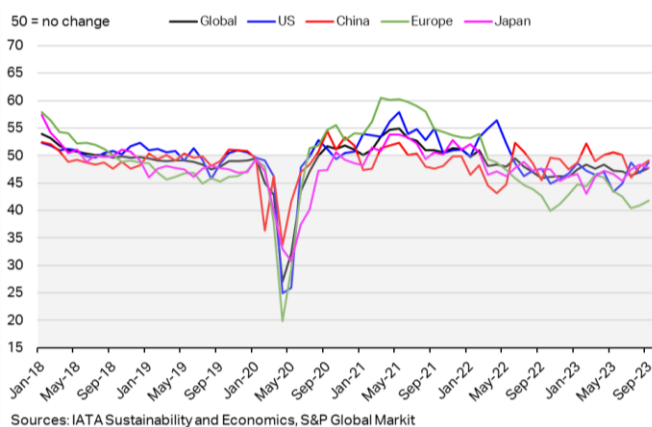


Although both manufacturing output PMI (49.7) and new export orders PMI (47.7) in September remained below the critical threshold represented by the 50-mark, they continued trending towards the growth territory. This indicates a slowing decline in global manufacturing production and exports (**Chart 6**). The upward trends of the PMIs also partially explain the 1.1% annual growth of SA CTKs this month.

The decline in global new export orders PMI reflects the widespread softening demand for global goods trade. Across all major economies, the new export orders PMIs were in the deterioration zone, despite the slight improvements compared to August (**Chart 7**). In September, China registered a new export orders PMI of 49.1, up from 47.9 in August. The US saw PMIs of 48.8, a 2.0 ppt increase compared with the previous month. PMIs in Europe remained the lowest across the major economies at 41.8, although this was an

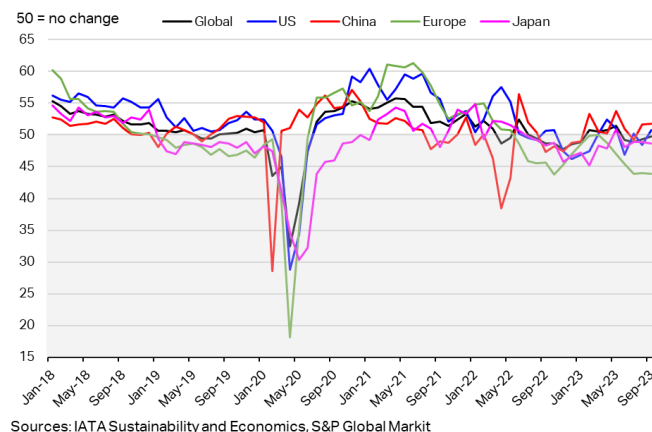
improvement from 40.9 in August. Japan was the only major economy that recorded a lower new export orders PMI at 47.7 in September, declining from 48.4 in August.

**Chart 7 – New export orders PMI in major economies (50 = no change)**



Compared to the new export orders PMIs, the manufacturing output PMIs of major economies performed slightly better in September (**Chart 8**). Both the US and China registered an expansion with manufacturing output PMIs of 50.8 and 51.8, respectively. For the US, this was a strong rebound from the PMI of 48.5 in August. For China, this was the second consecutive expansion. On the other hand, Europe’s manufacturing PMI was the lowest among the major economies at 43.9, while the PMI of Japan was 48.7, similar to the previous month.

**Chart 8 – Manufacturing output PMI in major economies (50 = no change)**

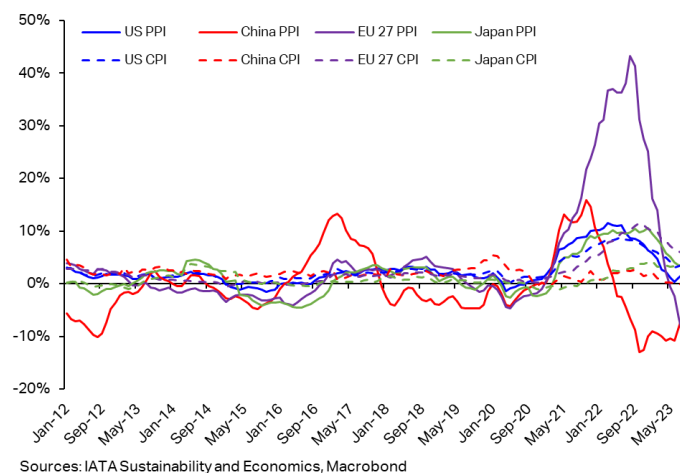


**Inflation in the US remained flat in September**

The annual growth of the US headline Consumer Price Index (CPI) stabilized at 3.7% in September, maintaining about the same rate as in August. In comparison, the YoY growth of CPI in the EU 27 countries continued to slow to 4.9% in September, 1.0 ppts lower than the previous month. China recorded a 0.1% annual increase in the CPI this month, and

Japan’s CPI annual growth was 3.0%, 0.2 ppts lower than the level in August (**Chart 9**).

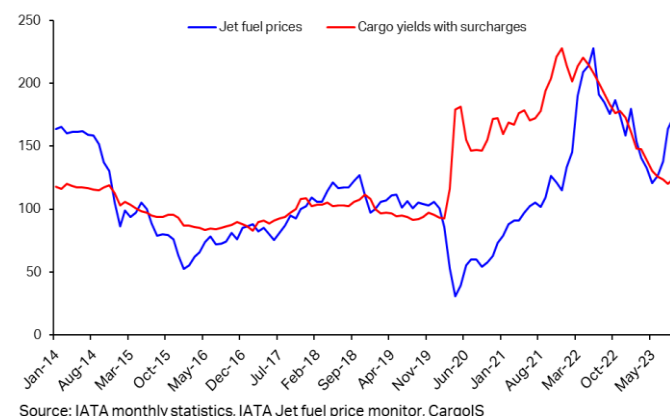
**Chart 9 – Headline CPI and PPI inflation (YoY) in major economies**



Changes in producer prices, as measured by the Producer Price Index (PPI), showed a more mixed profile in September. The US recorded the third consecutive expansion of the annual growth in PPI from 1.9% in August to 2.2% this month. Both China and EU 27 countries saw annual contractions in their PPIs. China’s PPI declined by 3.4%, which is the 17<sup>th</sup> consecutive month of the PPI decline from May 2022. September PPI data for the EU 27 countries has not been released yet, but it had declined by 10.5% YoY in August, from -6.6% in July. The PPI in Japan recorded a 1.9% YoY growth in September (**Chart 9**).

One of the primary factors influencing consumer prices is the global oil price. The IATA jet fuel monitor tracks the latest developments in global jet fuel prices, which directly impact airline operating costs. In September, jet fuel prices stood at USD 131.0 per barrel, marking a significant 43.1% increase from their lowest point in May this year. Reflecting in part this recent surge in jet fuel prices, air cargo yields saw an increase in September for the first time since November 2022 (**Chart 10**).

**Chart 10: Jet fuel price versus air cargo yields including surcharges (indexed, Jan 2019 = 100)**

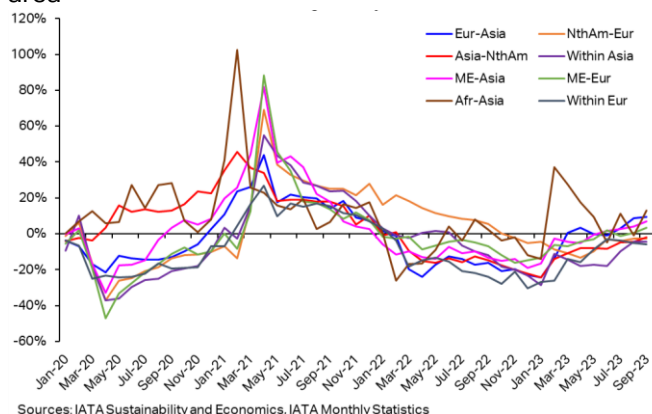


## Asia-related trade lanes saw strong growth in September

In September, most of the Asia-related trade lanes recorded strong annual growth in their international CTGs, led by **Africa – Asia** (12.8%) and **Europe – Asia** (9.6%) (**Chart 11**). The Europe – Asia market expanded its growth from 8.8% last month, while the Africa – Asia market had a strong rebound from the annual decline of 0.8% in August to the double-digit growth this month. Additionally, the **Middle East – Asia** trade lane also experienced a 7.0% increase compared to the September 2022 level, making it the fourth consecutive growth in this market. **Within Asia**, international CTGs declined by 4.4% YoY, about the same as the previous month but still 5.4 pts better than July.

The **North America – Asia** trade lane narrowed its annual contractions from 4.3% in August to 1.8% this month, while the **North America – Europe** market maintained the same annual growth rate as in August (-2.5%). The **Middle East – Europe** trade lane expanded its annual growth from 0.5% in the previous month to 3.3% in September. This increase offset some losses that the European airlines had in the **Within Europe** market, which saw a further contraction by 5.7% this month from 5.2% in August.

**Chart 11 – International CTG growth (YoY) by route area**



## Airlines from Asia Pacific led the growth in international CTGs

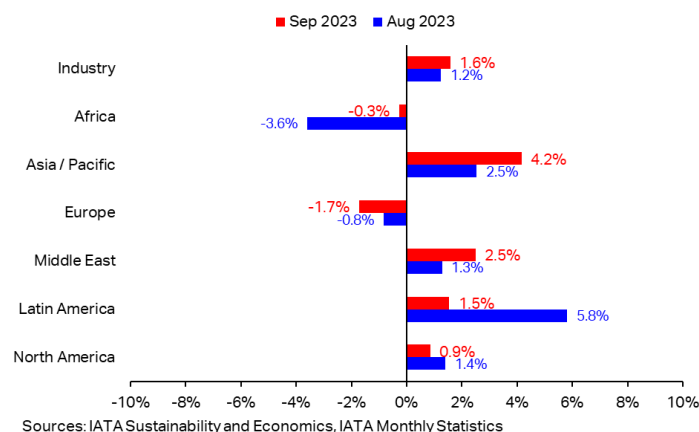
Industry-wide international CTGs increased by 1.6% YoY in September. **Asia Pacific** airlines recorded the strongest growth among all regions by 4.2%, followed by airlines from the **Middle East** (2.5%) and **Latin America** (1.5%). **North America** airlines also saw a modest growth in their international CTGs of 0.9%. The only two regions where airlines registered YoY declines are **Africa** (-0.3%) and **Europe** (-1.7%) (**Chart 12**).

The strong performance of Asia Pacific airlines (4.2% growth in international CTGs and 7.7% in regional overall CTGs) was largely attributed to the improved

performances on the **Europe – Asia**, **Middle East – Asia**, and **Africa-Asia** trade lanes, but also the stabilized within Asia market demand (**Chart 11**). Airlines in the **Middle East** expanded their international CTGs by 2.5% mainly driven by the growth in demand in the **Middle East – Europe** and **Middle East – Asia** markets. Airlines in **North America** had weaker YoY growth of 0.9% in international CTGs compared with the previous month (1.4%). However, this growth was overshadowed by the annual declines in the domestic North American market, making the regional overall CTGs (international and domestic combined) 2.2% lower than the 2022 levels.

On the other hand, **European** airlines saw a further decline in their international CTGs in September by 1.7%, compared to the 0.8% contraction in August. However, domestic CTGs by European airlines improved slightly, narrowing the overall decline in CTGs by airlines in this region to -1.5%. International CTGs of **African** carriers declined by 0.3% from the 3.6% annual contraction last month, despite the strong growth of international CTGs seen in the **Africa – Asia** trade lane.

**Chart 12 – Growth in international CTGs by airline region of registration (YoY)**



## Air cargo market in detail - September 2023

	<i>World share<sup>1</sup></i>	September 2023 (% year-on-year)				September 2023 (% ch vs the same month in 2019)			
		CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>	CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>1.9%</b>	<b>12.1%</b>	<b>-4.4%</b>	<b>43.8%</b>	<b>-1.3%</b>	<b>4.1%</b>	<b>-2.4%</b>	<b>43.8%</b>
Africa	2.0%	-0.1%	2.7%	-1.2%	43.6%	15.7%	-10.6%	9.9%	43.6%
Asia Pacific	32.4%	7.7%	30.5%	-9.9%	46.6%	-4.2%	10.6%	-7.2%	46.6%
Europe	21.8%	-1.5%	4.7%	-3.1%	50.0%	-12.8%	-12.8%	0.0%	50.0%
Latin America	2.7%	2.3%	14.4%	-3.8%	31.9%	-4.9%	11.5%	-5.5%	31.9%
Middle East	13.0%	2.5%	16.1%	-5.6%	42.4%	2.6%	9.8%	-3.0%	42.4%
North America	28.1%	-2.2%	0.2%	-1.0%	39.2%	11.4%	7.7%	1.3%	39.2%
<b>International</b>	<b>86.9%</b>	<b>1.6%</b>	<b>11.0%</b>	<b>-4.5%</b>	<b>49.0%</b>	<b>-1.8%</b>	<b>2.0%</b>	<b>-1.9%</b>	<b>49.0%</b>
Africa	2.0%	-0.3%	2.5%	-1.2%	44.5%	17.1%	-9.7%	10.2%	44.5%
Asia Pacific	29.7%	4.2%	18.2%	-7.3%	54.3%	-3.2%	6.4%	-5.4%	54.3%
Europe	21.5%	-1.7%	5.2%	-3.7%	52.0%	-13.5%	-13.8%	0.2%	52.0%
Latin America	2.3%	1.5%	18.8%	-6.1%	36.0%	-3.0%	26.3%	-10.9%	36.0%
Middle East	13.0%	2.5%	16.3%	-5.7%	42.7%	2.6%	10.0%	-3.1%	42.7%
North America	18.4%	0.9%	4.0%	-1.4%	46.1%	12.4%	7.8%	1.9%	46.1%

<sup>1</sup>% of industry CTks in 2022

<sup>2</sup>Year-on-year change in load factor

<sup>3</sup>Load factor level

**Note:** the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical statistics are subject to revision.

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8 November 2023

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