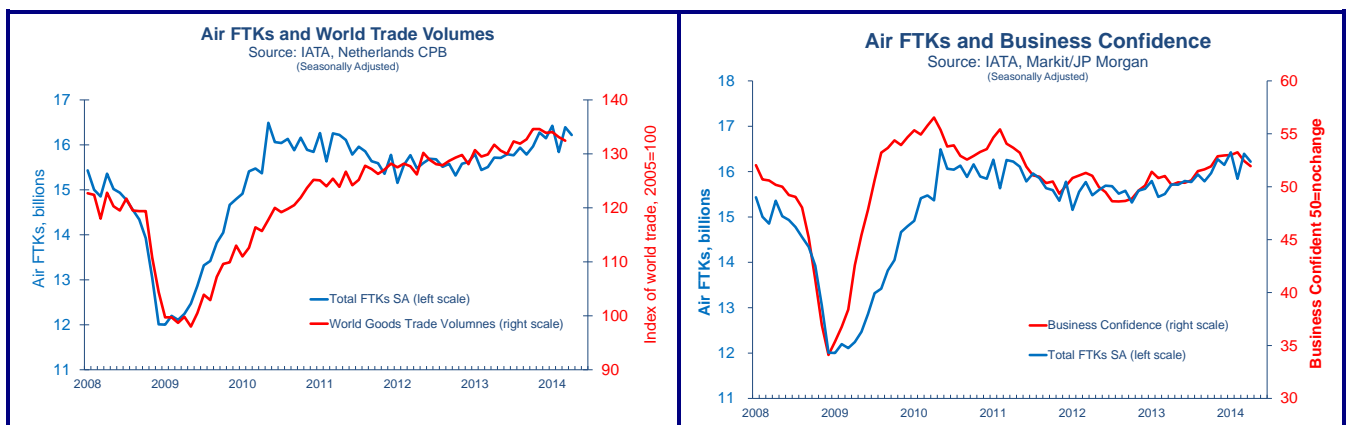


AIR FREIGHT MARKET ANALYSIS

APRIL 2014

KEY POINTS

- Air freight markets rose 3.2% in April compared to the same month a year ago. This is a slowdown on March, when air freight volumes were up 6.2% year-on-year. Although growth compared to a year ago remains solid, the rates of increase have started to slow, in line with developments in demand drivers.
- Even after adjusting for impacts of Easter, air freight volumes (first chart below) moderated in April, dipping 1.1% compared to March. Although levels are still in a range not seen since early 2011, FTKs are slightly below January, which means there has been no rise in volumes so far this year.
- In the second half of 2013, acceleration in air freight demand was supported by improvements in the business environment, which included a pick-up in world trade growth. During more recent months, however, data show weakening in business activity measures and a pause in trade volume expansion, which is consistent with the flattening in the air freight growth trend.
- The regional results show Asia Pacific carriers recording a solid 5.2% increase in FTKs in April compared to a year ago. But the month-to-month comparisons show a decline this April compared to March, suggesting the year-on-year result is likely due to weaker volumes a year ago rather than current growth. Looking ahead, continued weakness in Chinese manufacturing activity remains a downside risk for regional economic performance, which ultimately would impact trade growth and air freight demand for local carriers. Airlines in Latin America and Europe recorded contraction in FTKs year-on-year, 6.5% and 0.7%, respectively. This is likely the impact of a slowdown in prior improvements in regional trade activity.
- Load factors slipped slightly in April, with capacity staying flat despite the moderation in demand. The recent past has shown that despite relatively stronger air freight demand, continued increases in capacity through the passenger business have restricted load factor increases, which remain at a low 46%.
- Latest data show that prior improvements in the demand environment are experiencing some reversal. Largely as a result of further slowdown in the emerging markets, mostly China, indicators of business confidence slipped further in April. Levels still point toward growth, but at the weakest pace for the past 5 months. World trade growth has also slowed over recent months. However, momentum in advanced economies remains intact, and export orders still point to expansion, which should support further growth in air freight markets in months ahead.



Year on Year Comparison

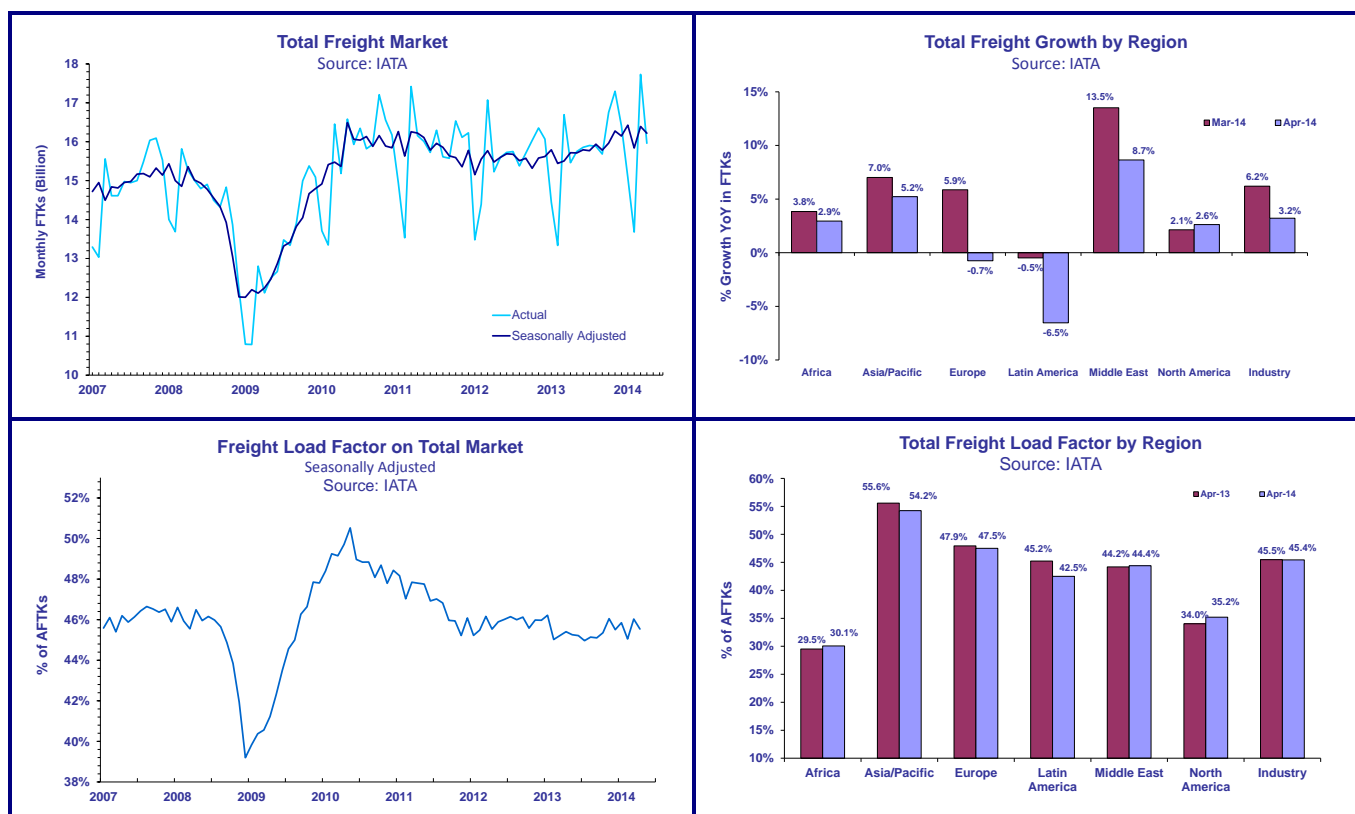
	Apr 2014 vs Apr 2013			YTD 2014 vs. YTD 2013		
	FTK	AFTK	FLF	FTK	AFTK	FLF
International	3.1%	3.6%	49.0%	4.5%	4.0%	49.4%
Domestic	3.7%	2.2%	30.8%	2.2%	2.4%	30.1%
Total Market	3.2%	3.3%	45.4%	4.2%	3.7%	45.5%

Month on Month Comparison

Apr 2014 vs. Mar 2014		
FTK	AFTK	FLF pt
-1.1%	0.1%	-0.6%
-1.1%	0.0%	-0.5%

FTK: Freight-Tonne-Kilometers; AFTK: Available Freight Tonne Kilometers; FLF: Freight Load Factor; All Figures are expressed in % change Year on Year except FLF which are the load factors for the specific month.

Data are seasonally adjusted. All figures are expressed in % change MoM except, FLFpt which are the percentage point difference between load factors of two months.



- The regional results show Asia Pacific carriers recording a solid 5.2% increase in FTks in April compared to a year ago. But that rise is likely a result of a particularly weak April 2013, because the month-to-month comparisons show a decline this April compared to March. Looking ahead, continued weakness in Chinese manufacturing activity remains a downside risk for regional economic performance, which ultimately would impact trade growth and air freight demand for local carriers. In fact, the latest data indicate that April was the fourth month of decline in China's manufacturing sector, which could lead to a further slowdown in GDP growth in Q2 (growth in Q1 was 7.4%, down on Q4 2014 expansion of 7.7%). Moreover, there are also some early signs of sluggishness in Emerging Asia trade volumes – after acceleration toward the end of 2013, export volumes have been in continuous decline throughout 2014.
- Airlines in Latin America and Europe recorded contraction in FTks year-on-year of 6.5% and 0.7%, respectively. This is likely the impact of a slowdown in prior improvements in regional trade activity. In the Eurozone, economic activity continues to improve slowly, but economic growth in Q1 2014 came in at 0.2%, below expectations of 0.4%. Indicators of business activity and economic growth suggest that the second quarter of 2014 will be stronger than the start of the year, which in turn suggests an improvement in the demand backdrop for air freighted goods.
- Air freight for North American carriers rose by a relatively slow 2.6% in April, but this is still an improvement on March (2.1%). The first quarter had seen weakness in trade volumes, potentially impacted by severe weather conditions. Latest data show a rebound in trade volumes and underlying growth trends in business activity are positive, which could support stronger growth in trade and air freight demand ahead.
- African carriers experienced a 2.9% rise in FTks in April compared to a year ago. Growth in the first 4 months of 2014 is down to 1.3%. Carriers in the region have seen downward pressure on demand from the slowdown in major regional economies, like South Africa, as well as political unrest in other parts of the continent.
- Carriers in the Middle East continue to see the highest rates of growth among regions, rising 8.7% in April year-on-year. Airlines in the region are benefiting from better conditions in advanced economies, but trade activity with emerging markets continues to provide a strong base for growth, with various goods passing through the Middle East hubs to Asia and Africa, for example. As a result, Middle Eastern carriers continue to expand capacity as well as to increase their network and the services they provide, broadening the types of commodities they can transport.

ANNEX

Year on Year Comparison	Apr 2014 vs. Apr 2013			YTD 2014 vs. YTD 2013		
	FTK	AFTK	FLF	FTK	AFTK	FLF
Africa	3.2%	1.6%	31.3%	1.4%	2.9%	30.9%
Asia/Pacific	5.1%	7.7%	57.4%	4.0%	6.6%	57.2%
Europe	-0.6%	0.4%	48.6%	4.0%	1.9%	49.9%
Latin America	-6.9%	-0.7%	44.3%	1.9%	0.2%	43.2%
Middle East	8.7%	8.3%	44.8%	11.0%	9.1%	45.8%
North America	2.0%	-2.1%	40.6%	1.8%	-0.9%	40.7%
International	3.1%	3.6%	49.0%	4.5%	4.0%	49.4%
Africa	2.9%	1.1%	30.1%	1.3%	2.5%	29.5%
Asia/Pacific	5.2%	7.8%	54.2%	4.2%	7.3%	53.7%
Europe	-0.7%	0.2%	47.5%	3.9%	1.8%	48.7%
Latin America	-6.5%	-0.5%	42.5%	1.3%	0.7%	40.9%
Middle East	8.7%	8.1%	44.4%	10.9%	8.8%	45.3%
North America	2.6%	-0.8%	35.2%	1.4%	-0.6%	35.3%
Total Market	3.2%	3.3%	45.4%	4.2%	3.7%	45.5%

FTK: Freight-Tonne-Kilometers; AFTK: Available Freight Tonne Kilometers; FLF: Freight Load Factor;
All Figures are expressed in % change Year on Year except FLF which are the load factors for the specific month.

Month on Month Comparison	Apr 2014 vs. Mar 2014			Market Share
	FTK	AFTK	FLFpt	FTK
Africa	1.3%	-0.5%	0.6%	1.7%
Asia/Pacific	-1.0%	1.4%	-1.4%	40.5%
Europe	-0.8%	-0.6%	-0.1%	26.0%
Latin America	-4.2%	-1.2%	-1.3%	3.2%
Middle East	-2.2%	1.2%	-1.6%	14.2%
North America	-0.4%	-2.1%	0.7%	14.4%
International	-1.1%	0.1%	-0.6%	100.0%
Africa	1.4%	-0.6%	0.6%	1.5%
Asia/Pacific	-1.0%	1.2%	-1.3%	39.3%
Europe	-0.9%	-0.7%	-0.1%	22.9%
Latin America	-3.3%	-1.3%	-0.8%	3.1%
Middle East	-2.2%	1.1%	-1.5%	12.3%
North America	-0.5%	-1.2%	0.3%	20.8%
Total Market	-1.1%	0.0%	-0.5%	100.0%

Data are seasonally adjusted. All Figures are expressed in % change Month on Month except PLP pt and FLF which are the percentage point difference between load factors of two consecutive months.

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FURTHER ANALYSIS AND DATA

Access data related to this briefing through the Monthly Statistics publication:
<http://www.iata.org/publications/Pages/monthly-traffic-statistics.aspx>

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