



# Air Cargo Market Analysis

August 2023

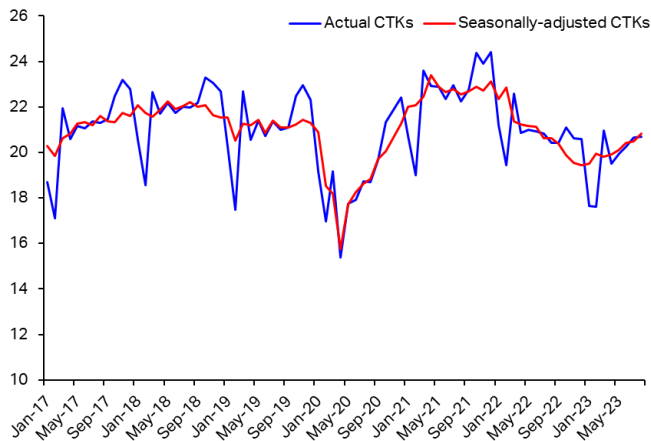
## Air cargo recorded first annual growth since Feb 2022

- Global cargo tonne-kilometers (CTKs) increased by 1.5% year-on-year (YoY) in August, the first annual growth in 19 months since February 2022. Industry CTKs were 1.3% lower than their 2019 levels.
- Air cargo capacity, measured in available cargo tonne-kilometers (ACTKs), continued its double-digit growth. ACTKs were up 12.2% YoY, driven by the sustained expansion of belly capacity in the summer season.
- Air cargo's historic tie with industrial production and cross-border trade trended back to realignment. However, the sustained annual contraction of trade remains a worrying signal to air cargo demand.
- Inflation in the US continued to increase for the second month in a row, after 13 months of decline. Although China's CPI growth reverted to positive from the July level, the country recorded negative PPI in August for the 16<sup>th</sup> consecutive month.
- Airlines in the Asia Pacific, North America, Latin America, and Middle East regions registered annual growth in their international CTKs in August, owing to the improved traffic in major trade lanes.

### Industry CTKs achieved annual growth in August

The industry-wide air cargo demand, measured by cargo tonne-kilometers (CTKs), stood at 20.7 billion in August, with seasonally-adjusted (SA) CTKs at 20.8 billion. Compared with the previous year, global CTKs grew by 1.5% year-on-year (YoY), which is the first annual growth seen by the industry since February 2022. However, industry CTKs remained 1.3% lower than their pre-pandemic level in 2019 (**Chart 1**). The positive annual growth in global CTKs is also a result of a lower baseline in 2022.

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



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

Compared with August 2022, SA CTKs in August increased by 0.9%, also for the first time since February 2022. This is also a 1.6 percentage point (ppt) improvement compared to the previous month (**Chart 2**). Due to the month-on-month (MoM) decline

### Air cargo market overview - August 2023

	World share <sup>1</sup>	August 2023 (% year-on-year)				August 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>1.5%</b>	<b>12.2%</b>	<b>-4.4%</b>	<b>42.0%</b>	<b>-1.3%</b>	<b>3.9%</b>	<b>-2.2%</b>	<b>42.0%</b>
International	86.9%	1.2%	11.8%	-5.0%	47.2%	-1.7%	1.8%	-1.6%	47.2%

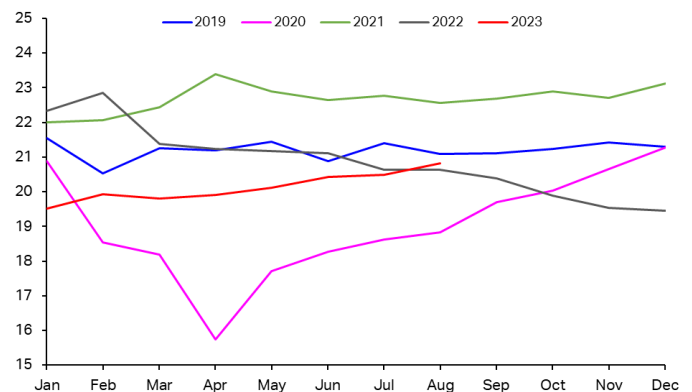
<sup>1</sup>% of industry CTKs in 2022

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

<sup>3</sup>Load factor level

in SA CTKs throughout 2022, the August 2023 CTKs surpassed the levels seen in August 2022. Notably, SA CTKs have been consistently rising since March 2023, indicating the stable and resilient trend of the industry.

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

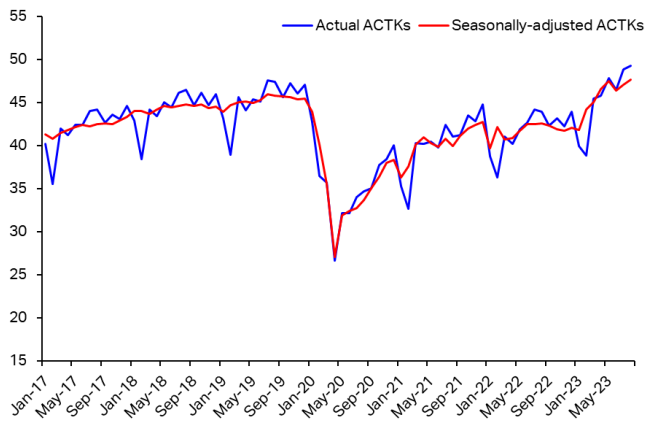


Sources: IATA Sustainability and Economics, IATA Monthly Statistics

### Cargo capacity maintained double-digit growth

Global air cargo capacity registered 49.3 billion available cargo tonne-kilometers (ACTKs) in August (**Chart 3**). Industry ACTKs were 12.2% higher than the levels in August 2022 and 3.9% higher than 2019 levels. In addition, the annual growth of ACTKs in August was 1.6 pts higher than the previous month, largely due to the sustained strong growth of belly cargo capacity in the summer season (30.0% YoY). On the other hand, international capacity growth for dedicated freighters remained weak in August at only 2.0% YoY.

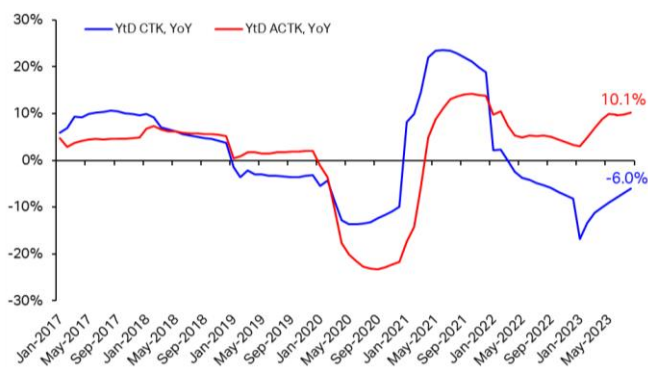
**Chart 3 – Global ACTKs (billions per month)**



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

With the sustained improvement of air cargo demand, year-to-date (YTD) industry CTKs stood at 157.3 billion in August, which is 6.0% below the 2022 levels (**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 contractions seen in January and February. Meanwhile, YTD industry ACTKs totaled 362.5 billion, which is 10.1% above 2022 levels (**Chart 4**).

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



Sources: IATA Sustainability and Economics, IATA Monthly Statistics

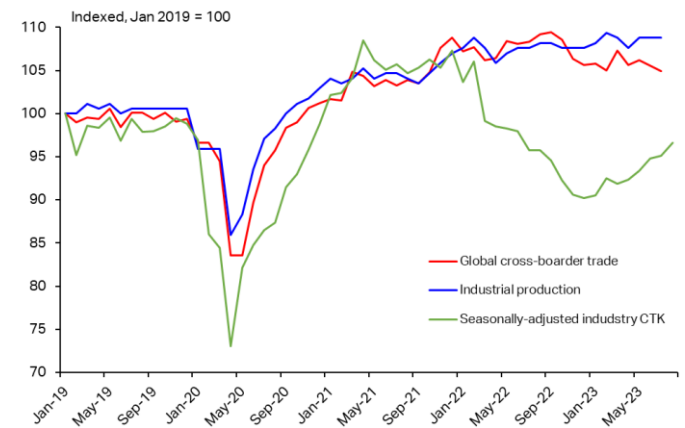
**Gaps between air cargo demand and trade narrowed**

Cross-border trade in July contracted by 3.2% compared to the previous year. This is the fourth consecutive annual decline since April, reflecting the cooling demand environment. On the other hand, due to the sustained upward trend in industry CTK, the gap between industry CTKs and cross-border trade (as well as industrial production) continued to narrow in July. The indexed values of the SA cross-border trade stood at 104.9, while the indexed values for SA industrial production and SA industry CTK were 109.8 and 95.1, respectively (**Chart 5**).

Notably, industrial production and trade have generally been closely tied to the evolutions of air cargo demand. The upward trend of the SA CTK growth in recent months is mostly restoring this

historical relationship. If global trade continues to weaken, air cargo demand may not significantly improve in the coming months.

**Chart 5 – Seasonally adjusted trends of global trade, industrial production, and industry CTKs (indexed)**

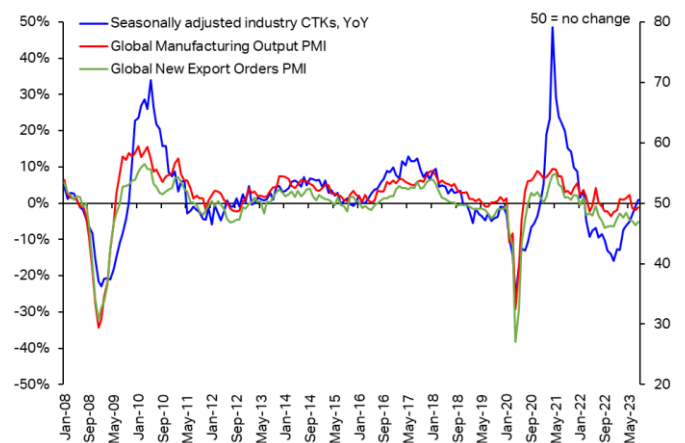


Sources: IATA Sustainability and Economics, IATA Monthly Statistics, Macrobond

**Slight improvements seen in manufacturing output and new export orders in August**

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)**



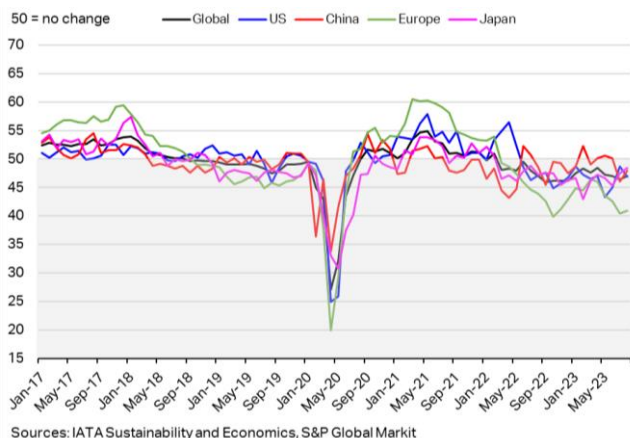
Sources: IATA Sustainability and Economics, IATA Monthly Statistics, S&P Global Markit

Compared to the July levels, both manufacturing output PMI (49.4) and new export orders PMI (47.0) improved slightly in August, despite still being below the critical threshold represented by the 50-mark. This indicates a slower decline in global manufacturing production and exports (**Chart 6**). In comparison, SA CTKs grew by 0.9% this month.

The decline in global new export orders PMI reflects the widespread softening of global goods trade. The export orders PMIs below the 50-mark were observed

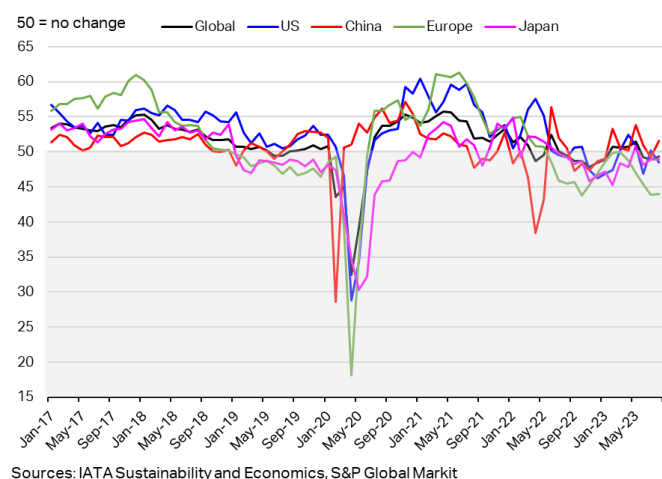
across all major economies (**Chart 7**). In August, new export orders PMI registered in Europe remained the lowest in the major economies at 40.9. The US saw PMIs of 46.9, a 1.8 ppt decline compared with July. China's new export PMI stayed below 50 for the second month since June, recorded at 48.0 in August. Japan's PMI improved by 1 ppt to 48.4 from the July level.

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



Looking at the manufacturing output PMIs of major economies in August (**Chart 8**), China was the only one that registered an expansion with a PMI of 51.6. The US recorded 48.5 in its manufacturing PMI, and similar to the new export orders, this is a 1.8 ppts decrease from the July level. Europe's manufacturing PMI was the lowest among the major economies at 43.9, while the PMI of Japan was 48.9, similar to the previous month.

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

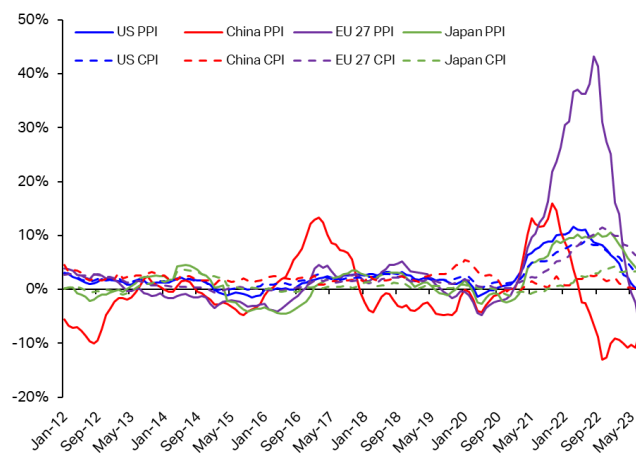


**Inflation in the US continued to increase in August**

In August, the annual growth of the US headline Consumer Price Index (CPI) continued to increase to 3.7% from 3.3% in July. This is the second month that the inflation went up after 13 months of decline in the US. In comparison, the YoY growth of CPI in the EU 27 countries continued to slow to 5.9% in August, 0.2

ppts lower than July. China recorded a 0.1% annual increase of CPI this month, following negative growth in July. Japan's CPI annual growth was 3.2%, 0.1 ppts lower than the previous month (**Chart 9**).

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



Changes in producer prices in August, as measured by the Producer Price Index (PPI), were similar to the mixed profile in July. The US saw the largest expansion of the annual growth in PPI among the major economies, from 0.9% in July to 1.6% in August. China's PPI contracted by 5.2% this month, which is the 16<sup>th</sup> consecutive month of the PPI decline since May 2022. Japan recorded a 3.2% YoY growth this month, and August PPI data for the EU 27 countries has not been released yet, but it had declined by 6.6% YoY in July, from the -2.4% in June (**Chart 9**).

The increased annual growth of both CPI and PPI in the US is mainly driven by the gasoline price spikes, which went up by 10.6% compared to July.

**Strong growth recorded in Europe-Asia trade lane while demand kept improving within Asia**

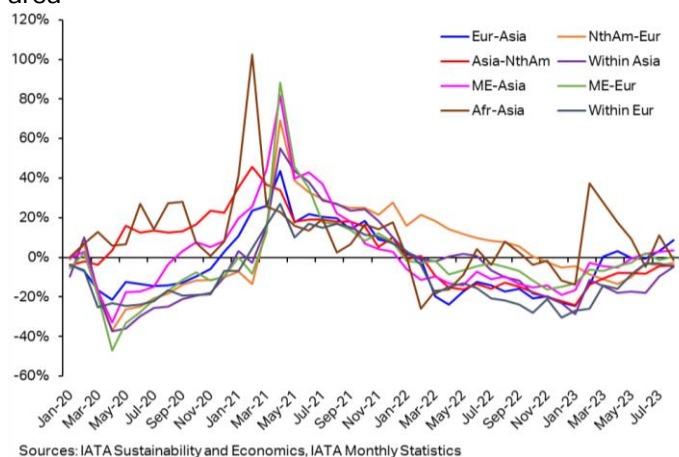
International CTGs on the major trade lanes maintained the overall momentum in August (**Chart 10**). The annual growth rates in CTGs improved on all major trade lanes compared to the previous month, with the only exceptions being the **Africa – Asia** and **Within – Europe** markets.

The **Europe – Asia** trade lane recorded the fastest international CTG growth rate of 8.8% YoY this month, a 5.7 ppt improvement from July. The **Middle East – Asia** market also expanded its YoY growth in CTGs from 2.7% in July to 3.5% in August, which is the third month in a row of YoY growth for this trade lane. Meanwhile, the **Middle East – Europe** market registered a small annual increase of 0.4% in August from the annual contraction in July.

For the markets that still experienced YoY declines in international CTKs, most of them also had improvements in their annual growth rates compared with the previous month. The **North America – Europe** trade lane registered a 2.9% annual contraction in traffic this month, 1.2 ppts better than July. Similarly, international CTKs on the **Asia – North America** trade lane declined by 4.2% in August, slightly better than the 4.4% contraction in July. The performance of the **within-Asia** market kept improving, with an annual decline of 4.7% this month compared to the 9.7% decrease in July.

The **Africa – Asia** and **Within – Europe** markets were the only two major trade lanes that expanded their annual contractions from the July levels. In particular, international CTKs on the **Africa – Asia** trade lane declined by 1.1% this month, from their 11.2% growth in July. The within-Europe saw a decline of 4.6% in August, which is 1.5 ppts lower than the previous month.

**Chart 10 – International CTK growth (YoY) by route area**



**Airlines from four regions recorded growth in international CTKs**

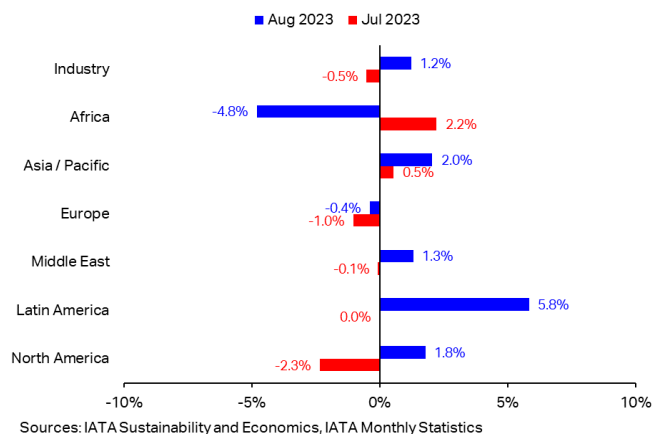
Industry-wide international CTKs increased by 1.2% YoY in August. The growth in international CTKs was driven by the YoY increase achieved by airlines in **Latin America** (5.8%), **Asia Pacific** (2.0%), **Middle East** (1.3%), and **North America** (1.8%) (**Chart 11**).

Airlines in **Latin America** experienced the fastest YoY expansion of 5.8% in their international CTKs this month, mainly due to a relatively low base in 2022. **Asia Pacific** airlines, benefiting largely from the improved performances on the **Europe – Asia**, **Middle East – Asia**, and **within-Asia** trade lanes (**Chart 10**), saw a 2.0% YoY increase in international CTKs. **North American** airlines achieved higher international CTKs compared to both 2022 levels (1.8% YoY) and the levels seen in July (2.5% MoM). Airlines in the **Middle East** expanded their international CTKs by 1.3% mainly

driven by the growth in demand on the **Middle East – Europe** market.

On the other hand, international CTKs of **African** airlines declined by 4.8% from a relatively high base in 2022 but also affected by the softened traffic on the **Africa – Asia** trade lane. **European** airlines improved their growth rate by 0.6 ppts compared to July, despite their 0.4% decline in international CTKs.

**Chart 11 – Growth in international CTKs by airline region of registration (YoY)**



## Air cargo market in detail - August 2023

	<i>World share</i> <sup>1</sup>	August 2023 (% year-on-year)				August 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>1.5%</b>	<b>12.2%</b>	<b>-4.4%</b>	<b>42.0%</b>	<b>-1.3%</b>	<b>3.9%</b>	<b>-2.2%</b>	<b>42.0%</b>
Africa	2.0%	-4.7%	3.8%	-3.5%	38.8%	4.5%	-15.8%	7.5%	38.8%
Asia Pacific	32.4%	4.9%	28.5%	-9.9%	44.3%	-4.1%	11.0%	-7.0%	44.3%
Europe	21.8%	-0.2%	3.6%	-1.8%	48.4%	-12.0%	-13.5%	0.9%	48.4%
Latin America	2.7%	6.2%	13.7%	-2.3%	32.6%	-0.6%	13.2%	-4.6%	32.6%
Middle East	13.0%	1.4%	15.7%	-5.8%	40.7%	2.9%	9.8%	-2.7%	40.7%
North America	28.1%	-1.2%	2.7%	-1.5%	37.7%	10.1%	7.6%	0.8%	37.7%
<b>International</b>	<b>86.9%</b>	<b>1.2%</b>	<b>11.8%</b>	<b>-5.0%</b>	<b>47.2%</b>	<b>-1.7%</b>	<b>1.8%</b>	<b>-1.6%</b>	<b>47.2%</b>
Africa	2.0%	-4.8%	2.9%	-3.2%	39.8%	5.6%	-15.9%	8.1%	39.8%
Asia Pacific	29.7%	2.0%	20.2%	-9.3%	52.1%	-3.5%	6.7%	-5.5%	52.1%
Europe	21.5%	-0.4%	4.1%	-2.3%	50.9%	-12.5%	-15.3%	1.6%	50.9%
Latin America	2.3%	5.8%	16.8%	-3.7%	35.9%	2.3%	25.3%	-8.1%	35.9%
Middle East	13.0%	1.3%	15.9%	-5.9%	41.0%	2.9%	9.9%	-2.8%	41.0%
North America	18.4%	1.8%	6.9%	-2.2%	44.2%	12.3%	9.5%	1.1%	44.2%

<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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