



# Air Cargo Market Analysis

July 2022

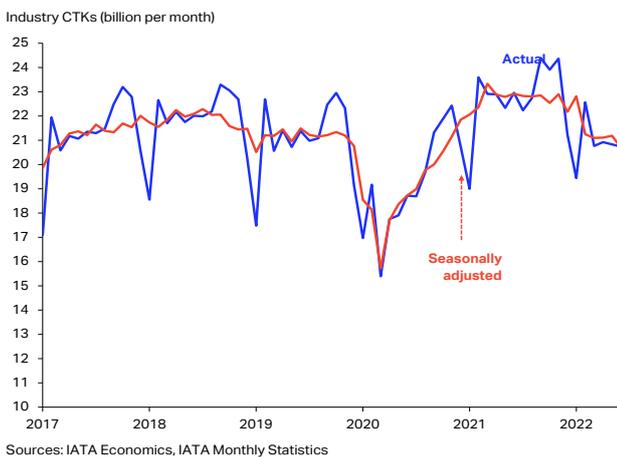
## Air cargo volumes falter slightly in July

- Seasonally adjusted cargo tonne-kilometers (CTKs) faltered in July with a 2.3% contraction compared with June, which was flat from May. Compared with a year ago, July CTKs were 9.7% lower, a weakening from the 6.7% decline in June. Available cargo tonne-kilometers (ACTKs) increased by 3.6% year-on-year (YoY), putting downward pressure on load factors in July.
- Latin America was the only region showing a YoY increase in air cargo traffic in July, of 9.2% YoY. After two consecutive solid monthly increases for Asia Pacific CTKs, they fell by 9.0% YoY in July. However, pent-up demand generated during latest Omicron-related lockdowns should prevent notable declines in volumes at least in the near term.
- Globally, the easing of restrictions in China and reduced disruption in global supply chains are likely to be supportive of world trade and air cargo volumes in coming months, while high inflation and rising interest rates are expected to have a dampening effect on demand.

### CTK volumes falter slightly in July

Global cargo tonne-kilometers (CTKs) fell by 9.7% YoY in July, which decline follows on the 6.7% drop seen in June. Seasonally adjusted (SA) too, air cargo volumes contracted by 2.3% month-on-month (MoM) in July, failing to extend the gains seen in June (**Chart 1**).

Air cargo's mixed results MoM since April indicate a sideways trend, and the July observation should not be taken as the starting point of a new downward trend at the current junction. **Chart 1: Global CTKs seasonally adjusted (SA)**



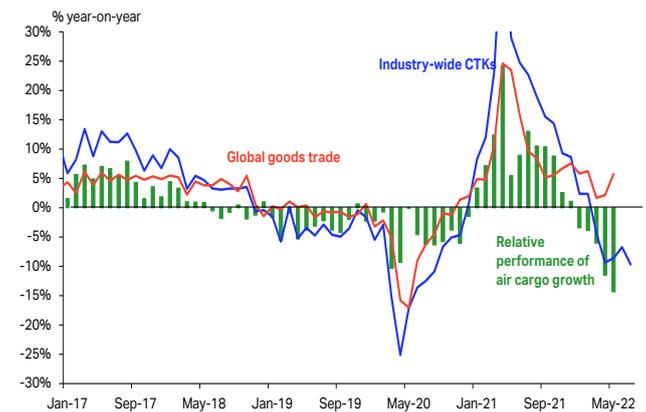
Air cargo demand also faces mixed conditions. Although China has eased the Omicron-related lockdowns, other headwinds persist, including infrastructure and labour supply constraints. In addition, the ongoing war in Ukraine still affects cargo

capacity, with a number of important air cargo carriers directly impacted.

### Trade activity continues to rebound as supply constraints ease but mostly focused on maritime

Global goods trade recovered further in May, (**Chart 2**) mainly due to strong volumes in Latin America, but also in the euro area and China. Further easing of COVID-19 restrictions in China including factory reopenings will support the global trade recovery in coming months.

### Chart 2: Growth in global goods trade and CTKs



However, most of the uptake in trade has benefitted maritime which has been growing in line with the global

### Air cargo market - July 2022

	World share <sup>1</sup>	July 2022 (% ch vs the same month in 2019)				July 2022 (% year-on-year)			
		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>-3.0%</b>	<b>-7.8%</b>	<b>2.3%</b>	<b>47.2%</b>	<b>-9.7%</b>	<b>3.6%</b>	<b>-6.9%</b>	<b>47.2%</b>
International	87.0%	-3.5%	-9.2%	3.2%	53.0%	-10.2%	6.8%	-10.0%	53.0%

<sup>1</sup>% of industry CTKs in 2021

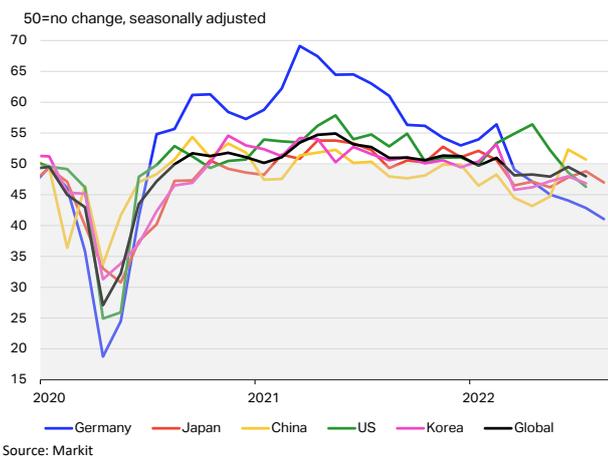
<sup>2</sup>Change in load factor vs same month in 2019

<sup>3</sup>Load factor level

trade. Air cargo growth has been underperforming, with the gap gradually widening since January.

The new export orders component of manufacturing PMIs – historically a leading indicator for air cargo shipments – have softened over the first half of 2022. With the exception of China, new export orders for the world’s main manufacturers are currently below 50 – above which level activity is increasing. The magnitude of the decline in both Germany and the US in recent months is significant (**Chart 3**). The abrupt reversal of fortunes in China over a similar period is also clear.

**Chart 3: New export order manufacturing PMIs**



The historical relationship between the global PMI for new export orders and industry-wide CTks suggests further weakness in YoY CTk outcomes in the near-term (**Chart 4**).

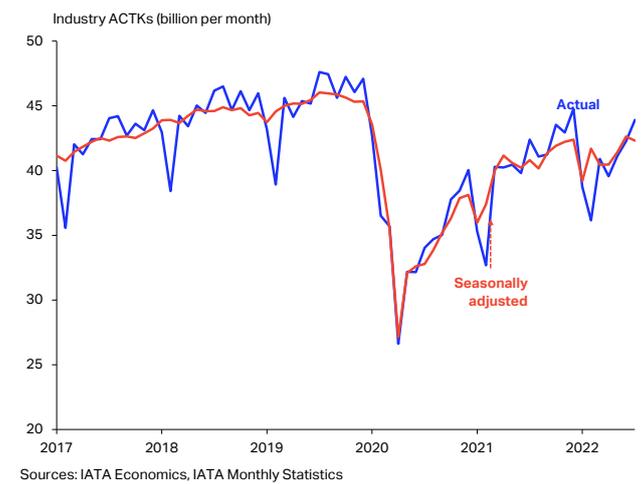
**Chart 4: CTk growth versus global new export orders**



### Air cargo capacity continues to grow

Global available cargo tonne-kilometers (ACTks) rose by 6.7% YoY in July, continuing to increase after the short-lived 1.4% YoY decline in April (**Chart 5**).

**Chart 5: ACTk levels, actual and seasonally adjusted**



Air cargo capacity increased in all regions except in Africa where ACTks were down by 2.2% YoY in July, in part reflecting the increase in belly capacity as the number of passenger flights continues to recover.

Capacity growth ranged from 0.9% YoY in Europe and 2.7% in Asia Pacific at the lower end, to 4.2% and 4.9% for North America and Middle East respectively, to the double-digit growth of 21.4% regarding Latin American airlines.

With capacity outstripping demand, the industry-wide cargo load factor eased further below 50%. June and July cargo load factors are at levels not seen since early 2020. At 47.2% in July, the industry CLF was 6.9 percentage points (ppts) lower than its level of a year ago.

Asia Pacific has the highest cargo load factor across all regions currently at 56.3%, a full 6 ppt gap to the next best performer, Europe, at 50.7%. Europe is also the region which has seen the largest decline in its load factor over the past twelve months, down a sizeable 10.6 ppts.

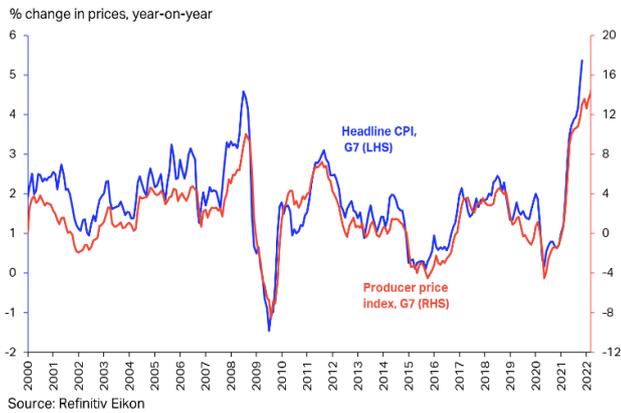
The current load factor performance of airlines from the Americas lags that of the other regions. For Latin American carriers, the CLF is just 37.4%, while for North American airlines it is 39.8%.

### Inflation continues to increase, and its impact might be seen in the months ahead

Year-on-year inflation, as measured by the Consumer Price Index (CPI) for the G7 countries was 7.6% in July. Globally, inflation is at its highest level in decades and many central banks have begun raising interest rates in response. Producer (input) prices have also been increasing, by 17.8% YoY in June 2022, exerting further pressure on production and the global economy (**Chart 6**).

To be sure, higher consumer prices and interest rates dampen purchasing power and typically reduce consumer spending. One can clearly expect this to impact air cargo demand in the period ahead. However, an important mitigating factor in this context is that most main economies benefit from low and still falling unemployment rates, reaching historic lows in some cases.

**Chart 6: G7 headline CPI and PPI inflation**

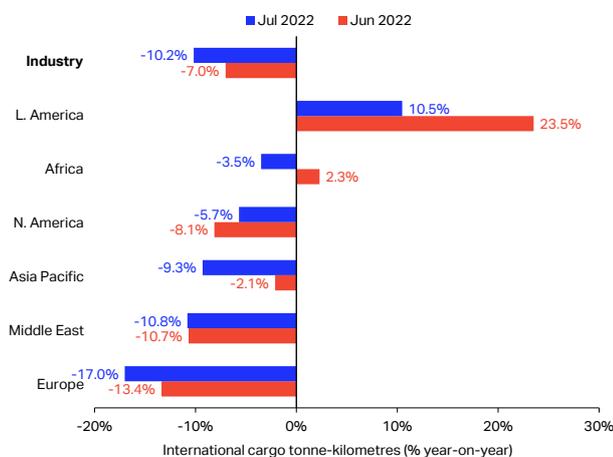


Oil is an important contributor to producer prices, and a major cost to airlines directly. The Brent crude oil price decreased slightly in July and continues to stabilize at a level of around USD106.7 per barrel. The jet crack spread remains unusually wide at around USD 40 per barrel, though it has come off its high of USD 64 per barrel set in June.

**International CTKs – Continued strong growth in Latin America and Asia Pacific returns to 2021 levels**

Total international CTKs have seen a 5-month long decline in YoY terms, with July posting another drop of 10.2% compared to a year ago, thus deepening the rout from the 7.0% YoY fall observed in June (Chart 7).

**Chart 7: Int'l CTK growth (airline region of registration)**



International CTKs were lower in July in all regions except for Latin America, in YoY terms. Crucially, Asia Pacific, which boasts the largest share of CTKs of the

global total, saw a marked decline from -2.1% YoY in June to -9.3% YoY in July.

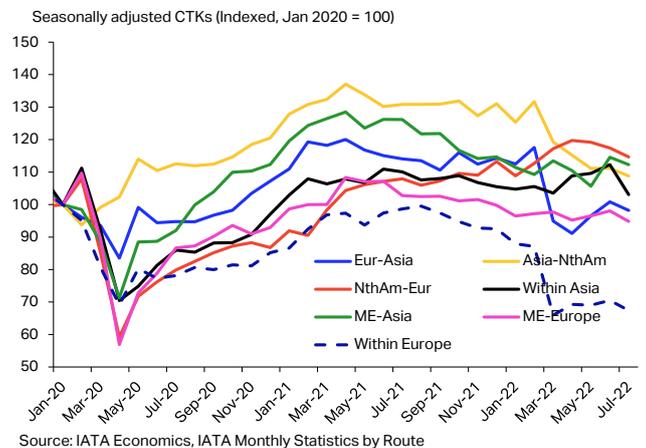
Airlines in Latin America continue to be the strongest performing, with international CTKs increasing by 10.5% YoY. This can be attributed to airlines in the region adding capacity, and the significant role air cargo plays in supporting economic activity in the region. The positive July performance is nevertheless significantly weaker than the June increase of 23.5% YoY.

Airlines in Europe and Asia Pacific continue to be most affected by the various headwinds which are currently impacting the air cargo segment. These include disruptions related to the conflict in Ukraine, labor shortages, and lower levels of trade and manufacturing activity in Asia due to Omicron-related restrictions, notably in China.

After two consecutive solid YoY increases for Asia Pacific CTKs in May and June, July data showed CTKs down 9.0% YoY. Pent-up demand from the latest Omicron-related lockdowns should prevent notable declines in volumes in the coming months.

The latest route area data confirms that cargo growth faltered in July for most of the Asia Pacific's main air markets (Chart 8).

**Chart 8: Seasonally adjusted CTKs by route area**



Europe is again the weakest performing region regarding air cargo volumes. CTKs for European carriers were 17.0% below the level of a year ago. The significant impact of the Russia-Ukraine war, which started on 24 February 2022, on Within Europe air cargo can be seen in Chart 8, and the challenge this poses for the region has not diminished.

Middle Eastern airlines are also showing a double-digit decline in international air cargo volumes, down 10.8% in YoY terms. Cargo traffic to/from Europe has been trending sideways for most of 2022, weighing on this region's performance.

Compared with last month's result, international CTKs of airlines registered in **North America** showed a modest improvement in YoY CTK growth compared with a year ago. Growth in cargo volumes improved to -5.7% YoY in July compared with -8.1% in June. The lifting of restrictions in China may well boost North American air cargo volumes in coming months.

**Africa** went from posting increased cargo volumes over the past year to June, to a 3.5% fall in July YoY.

### Air cargo market in detail - July 2022

	<i>World share</i> <sup>1</sup>	July 2022 (% year-on-year)				% year-to-date			
		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>-9.7%</b>	<b>3.6%</b>	<b>-6.9%</b>	<b>47.2%</b>	<b>-5.1%</b>	<b>4.2%</b>	<b>-5.1%</b>	<b>51.8%</b>
Africa	1.9%	-3.5%	-2.2%	-0.6%	45.2%	1.3%	4.8%	-1.7%	48.2%
Asia Pacific	32.6%	-9.0%	2.7%	-7.3%	56.3%	-3.9%	0.0%	-2.5%	61.1%
Europe	22.8%	-17.0%	0.9%	-10.6%	49.3%	-9.1%	3.3%	-7.9%	57.7%
Latin America	2.2%	9.2%	21.4%	-4.2%	37.4%	19.7%	30.6%	-3.7%	41.1%
Middle East	13.4%	-10.9%	4.9%	-8.3%	46.9%	-9.5%	6.0%	-8.6%	50.2%
North America	27.2%	-5.7%	4.2%	-4.2%	39.8%	-3.4%	5.5%	-4.0%	42.8%
<b>International</b>	<b>87.0%</b>	<b>-10.2%</b>	<b>6.8%</b>	<b>-10.0%</b>	<b>53.0%</b>	<b>-5.1%</b>	<b>5.8%</b>	<b>-6.7%</b>	<b>58.1%</b>
Africa	1.9%	-3.5%	-2.4%	-0.5%	46.0%	1.3%	4.4%	-1.5%	49.1%
Asia Pacific	29.5%	-9.3%	7.4%	-11.6%	63.3%	-2.3%	7.0%	-6.4%	67.9%
Europe	22.4%	-17.0%	1.2%	-11.5%	52.2%	-9.1%	3.6%	-8.4%	60.1%
Latin America	1.8%	10.5%	21.9%	-4.7%	45.1%	21.3%	29.0%	-3.1%	49.6%
Middle East	13.4%	-10.8%	5.1%	-8.4%	47.3%	-9.5%	6.2%	-8.8%	50.5%
North America	18.0%	-5.7%	12.7%	-9.2%	47.3%	-4.8%	4.1%	-4.8%	51.4%

<sup>1</sup>% of industry CTKs in 2021

<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.

	<i>World share</i> <sup>1</sup>	July 2022 (% ch vs the same month in 2019)				Year-to-date (% ch vs the same period 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>-3.0%</b>	<b>-7.8%</b>	<b>2.3%</b>	<b>47.2%</b>	<b>1.4%</b>	<b>-8.8%</b>	<b>5.2%</b>	<b>51.8%</b>
Africa	1.9%	1.6%	-25.5%	12.0%	45.2%	13.2%	-14.7%	11.9%	48.2%
Asia Pacific	32.6%	-6.7%	-14.0%	4.4%	56.3%	-3.9%	-18.7%	9.4%	61.1%
Europe	22.8%	-14.8%	-16.3%	0.9%	49.3%	-6.4%	-16.8%	6.4%	57.7%
Latin America	2.2%	-1.6%	-6.9%	2.0%	37.4%	-3.0%	-18.1%	6.4%	41.1%
Middle East	13.4%	-1.6%	-5.0%	1.6%	46.9%	0.6%	-6.8%	3.7%	50.2%
North America	27.2%	12.6%	5.1%	2.6%	39.8%	16.5%	8.8%	2.8%	42.8%
<b>International</b>	<b>87.0%</b>	<b>-3.5%</b>	<b>-9.2%</b>	<b>3.2%</b>	<b>53.0%</b>	<b>1.5%</b>	<b>-9.9%</b>	<b>6.6%</b>	<b>58.1%</b>
Africa	1.9%	2.5%	-24.8%	12.3%	46.0%	14.4%	-13.3%	11.9%	49.1%
Asia Pacific	29.5%	-4.8%	-11.3%	4.3%	63.3%	0.0%	-14.4%	9.7%	67.9%
Europe	22.4%	-14.8%	-18.0%	2.0%	52.2%	-6.5%	-17.3%	7.0%	60.1%
Latin America	1.8%	1.3%	-3.3%	2.1%	45.1%	-1.5%	-16.2%	7.4%	49.6%
Middle East	13.4%	-1.5%	-5.0%	1.7%	47.3%	0.6%	-6.5%	3.6%	50.5%
North America	18.0%	12.5%	2.9%	4.1%	47.3%	16.0%	5.0%	4.9%	51.4%

<sup>1</sup>% of industry CTKs in 2021

<sup>2</sup>Change in load factor vs same period in 2019

<sup>3</sup>Load factor level

IATA Economics  
[economics@iata.org](mailto:economics@iata.org)  
 7 September 2022