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)

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

<table>
<thead>
<tr>
<th>World share</th>
<th>September 2023 (% year-on-year)</th>
<th>September 2023 (% ch vs the same month in 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CTK</td>
<td>ACTK</td>
</tr>
<tr>
<td>TOTAL MARKET</td>
<td>100.0%</td>
<td>1.9%</td>
</tr>
<tr>
<td>International</td>
<td>86.9%</td>
<td>1.6%</td>
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</tbody>
</table>

*% of industry CTKs in 2022

%Change in load factor

%Load factor level
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).

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.
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 17th 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)**

Source: IATA, Sustainability and Economics, S&P Global Market Intelligence
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 CTKs, 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 CTKs declined by 4.4% YoY, about the same as the previous month but still 5.4 ppts 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 CTK growth (YoY) by route area**

Airlines from Asia Pacific led the growth in international CTKs

Industry-wide international CTKs 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 CTKs 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 CTKs and 7.7% in regional overall CTKs) 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 CTKs 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 CTKs 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 CTKs (international and domestic combined) 2.2% lower than the 2022 levels.

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

**Chart 12 – Growth in international CTKs by airline region of registration (YoY)**
## Air cargo market in detail - September 2023

<table>
<thead>
<tr>
<th>World share</th>
<th>CTK</th>
<th>ACTK</th>
<th>CLF (%-pt)</th>
<th>CLF (level)</th>
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1% of industry CTKs in 2022

2Year-on-year change in load factor

3Lead 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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