



# Air Cargo Market Analysis

August 2024

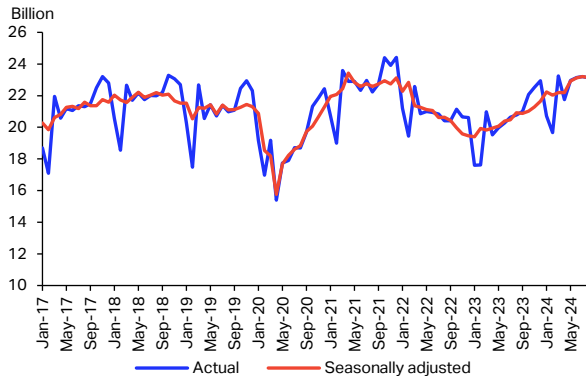
## Nine straight months with double-digit demand growth

- Global Cargo Tonne-Kilometers (CTK) increased by 11.4% year-on-year (YoY) last month, delivering the ninth consecutive month with double-digit demand growth and the second straight month with record year-to-date demand levels. Net of seasonal adjustment, demand contracted by -0.2% month-on-month (MoM).
- International CTK added 12.4% relative to last year, driven by all regions and major trade lanes. Asia Pacific carriers recorded the largest expansion with 14.8% YoY, and demand on the Middle East-Europe trade lane outpaced all others with an outstanding 28.9% annual surge.
- Global air cargo capacity, measured in Available Cargo Tonne-Kilometers (ACTK), saw 6.2% growth YoY in August, seeing slower growth than in the months prior but at the same time delivering record capacity levels.
- Despite global record capacity and falling fuel prices, the global air cargo yield maintains a moderate upward trend.

### Air cargo industry exhibits the second consecutive month with record year-to-date demand levels

In August, the global air cargo industry experienced the ninth consecutive month with double-digit demand growth, recording an increase of 11.4% YoY (**Chart 1**). Compared to the previous month, industry-wide CTK fell marginally with -0.2% (after seasonal adjustment), exhibiting the first MoM reduction since February.

**Chart 1** – Industry CTK, billion



Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics

As for the four months prior, the largest contributors to the annual surge in CTK were carriers from Asia Pacific and Europe, which contributed 43% and 25% to the global increase, respectively. Measured in traffic volume (CTK), these airlines represent the

largest and third largest regions for air cargo, in that order. The second largest region – North America – contributed 12% to the industry-wide rise. Their contribution was outperformed by Middle Eastern carriers, who added 15% to the global figure.

Year-to-date, air cargo demand settled 13.0% above 2023 levels last month. And even though the high YoY growth rates in 2024 are inflated by an overall weak 2023 market, demand is reaching near-peak levels. For instance, August brought about the second straight month with record year-to-date demand.

### Demand on international routes sustained robust growth across all world regions and major route areas in August, led by carriers registered in Asia Pacific

International routes continue to drive the exceptional traffic levels, which surged by 12.4% YoY in August. Airlines benefit from surging e-commerce demand from consumers in the US and Europe and the ongoing capacity limitations in ocean shipping. As has been the case for almost one year, carriers from all regions experienced expansions in international traffic compared to the previous year, with the month of August displaying strong growth rates ranging from 7% to 15% (**Chart 2**).

Airlines registered in **Asia Pacific** saw the highest annual growth in international CTK, registering 14.8% YoY. **European** and **Middle Eastern** airlines followed with 13.6% annual growth each. **Latin America** experienced the second highest annual growth rate in

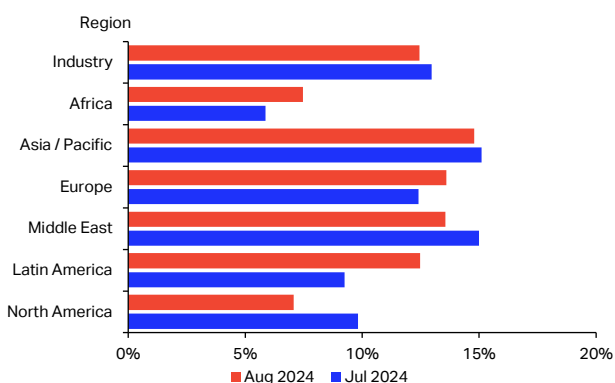
### Air cargo market in detail - August 2024

	World share <sup>1</sup>	August 2024 (% year-on-year)				August 2024 (% year-to-date)			
		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>11.4%</b>	<b>6.2%</b>	<b>2.0%</b>	<b>44.0%</b>	<b>13.0%</b>	<b>8.7%</b>	<b>1.7%</b>	<b>45.1%</b>
International	86.6%	12.4%	8.2%	1.9%	49.2%	13.9%	11.2%	0.2%	50.6%

Note 1: % of industry CTKs in 2023

almost two years with 12.5%, and a notable 3.2 percentage point increase from July's figure (partially due to the high base in July 2023). **Africa** and **North America** added 7.5% and 7.1%, respectively, compared to last year's traffic levels. For the latter, the August result reflects a considerable 2.7 percentage point decrease from July (almost entirely related to a base effect). Regarding African carriers, the World Health Organization's declaration of Mpox as a public health emergency did not visibly affect their overall traffic volumes.

**Chart 2** – International CTK by airline region of registration, YoY, %



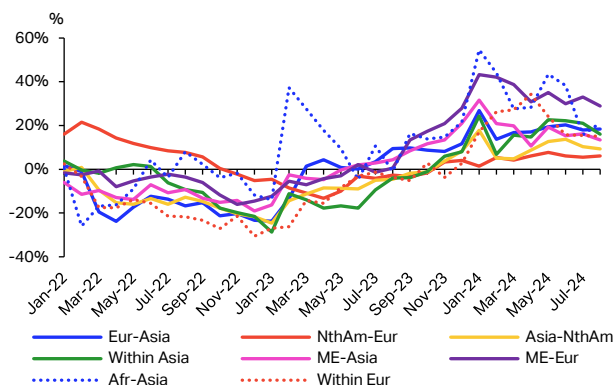
Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics

The annual expansion in international CTK was also supported by all major route areas, although with some differences in magnitude (**Chart 3**). **Middle East–Europe** championed growth figures again in August, maintaining a streak of double-digit growth that originated in September 2023 with an outstanding evolution of +28.9% YoY. CTK on the routes **Africa–Asia** and **Europe–Asia** (the second largest market measured in CTK) followed with impressive annual surges of 21.1% and 18.4%, respectively. Both trade lanes have also been experiencing double-digit annual growth since the second half of 2023. For **Africa–Asia** the August reading reflects a 5.3 percentage point increase compared to the figure recorded in July (related to a base effect), which is the largest increase among major route areas.

**Within Asia**, **Within Europe**, and **Middle East–Asia**, followed closely with 16.1%, 15.0%, and 13.5% annual growth, in that order. All three route areas saw nothing but double-digit annual growth for months. However, for intra-Asia traffic, the August annual growth reflects a 5.0 percentage point decrease from the month before. Possibly, this can be partially linked to the social unrest in Bangladesh and Typhoon Shanshan in Japan. Both events impacted local logistics operations with airport closures and flight cancellations. Meanwhile, **Asia–North America**, the

largest trade lane by volume, recorded an annual increase of 9.3% last month, and **North America–Europe** added a comparatively modest 6.1% YoY.

**Chart 3** – International CTK by route area, YoY, %

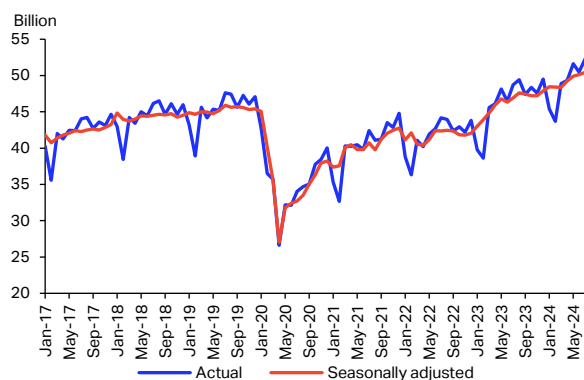


Source: IATA Sustainability and Economics using data from IATA Information and Data

The busy summer season on the passenger side brought record air cargo capacity despite a gradual slowdown in the growth rate

Global ACTK increased by 6.2% YoY in August (+0.2% MoM after seasonal adjustment), the lowest rate since January 2023 (**Chart 4**). Nevertheless, industry-wide capacity reached an all-time high. In fact, August represents the fourth consecutive month with global ACTK above 50 million, a level never seen before in the history of air cargo. In year-to-date terms, ACTK surged 8.7% YoY. And even though this last statistic has been decreasing slowly every month in 2024, the month of August also maintained the streak of record capacity levels in year-to-date terms, which started in May 2023. The air cargo load factor, which illustrates the industry's balance between demand and supply, shed 2.0 percentage points compared to August 2023.

**Chart 4** – Industry ACTK, billion



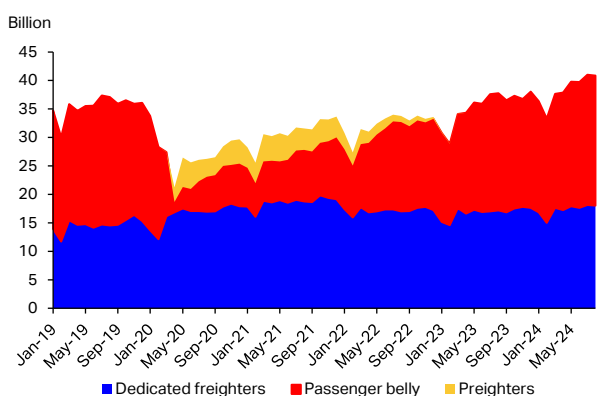
Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics

Similar to the demand side, growth in air cargo capacity last month was driven by international routes, where the industry registered an expansion of 8.2% YoY. Maintaining the trend of the past few years, the

expansion in international ACTK in August was driven by a surge in international belly-hold capacity, which continued to record double-digit annual growth last month with 10.9% (Chart 5). And while increased belly capacity from passenger flights is a feature of every summer holiday season, this year saw record belly capacity levels (since the beginning of recording in 2019).

It is worth noting, however, that the latest belly-hold capacity growth statistic was the lowest recorded since the 2021 spring season. With global passenger belly capacity fully recovered to 2019 values, the question emerges as to whether the impressive growth in the international passenger market will normalize and how this will impact the use of dedicated freighters going forward. At present, the slowing expansion of international belly capacity is accompanied by a moderate increase in dedicated freighter capacity, which rose by 5.0% YoY in August.

**Chart 5 – International ACTK by cargo business type, billion**



Source: IATA Sustainability and Economics using data from IATA Information and Data

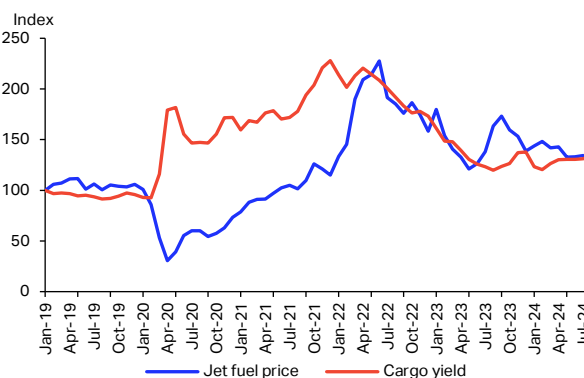
**Global air cargo yield maintains a moderate upward trend amid record capacity and falling fuel prices**

In August, the global jet fuel price fell by 7.9% over the previous month and -24.4% YoY, closing at USD 94 per barrel (Chart 6). The jet fuel crack spread dropped to 13 USD, the lowest value since early 2022. This can be explained by the reduced demand for oil from China coupled with record oil production levels in the US. This is a welcome development for the world economy, as lower oil prices boost economic growth and might help further curtail inflation. The August reading is also good news for airlines in particular, as the jet fuel price is a major contributor to airline operating costs and the exceptionally wide crack spread has been putting pressure on their relatively slim margins.

In contrast to the evolution in jet fuel, the global yield for air cargo (with surcharges) expanded by 2.0% MoM in August and 11.7% YoY, the highest annual increase in more than two years. And even though the rising

annual growth rates are partially related to a rapidly decreasing base in 2023, the fact that the average yield is refusing to drop to pre-Covid levels is remarkable, especially given the peak capacity during the summer season. In August, the air cargo yield was still an impressive 46% above 2019 levels. This can be partly explained by the fact that new e-commerce players and shippers that shift from sea to air (due to capacity limitations in ocean shipping and the associated rise in sea freight rates) compete for capacity with the more traditional air cargo clientele.

**Chart 6 – Jet fuel price and air cargo yield (with surcharges), global index, Jan 2019 = 100**

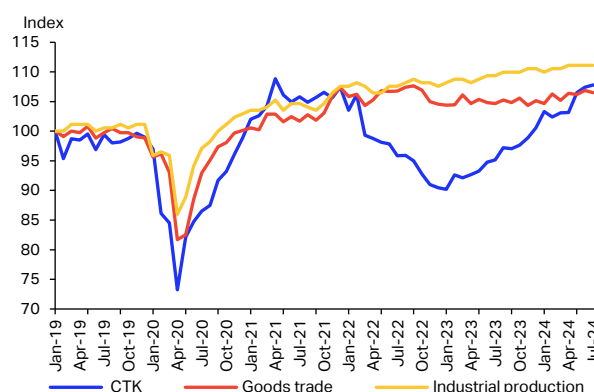


Source: IATA Sustainability and Economics using data from IATA Jet fuel price monitor, CargoIS

**Small improvements in production and trade figures amid signals of contraction from manufacturing PMIs**

Industrial production, measured at constant USD prices and reflecting the output generated by industrial sectors such as mining, manufacturing, and utilities, stayed level in July compared to the previous month (Chart 7). Compared to last year, the index increased by 1.6%, continuing the moderate upward trajectory seen after the pandemic, which aligns with pre-pandemic trends (2012-2019). Meanwhile, global goods trade experienced a small expansion of +1.7% YoY (-0.3% MoM).

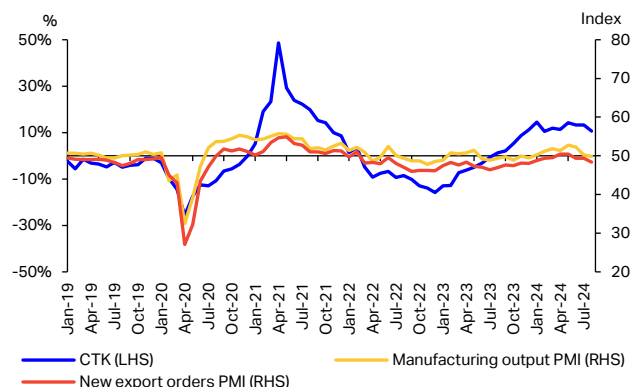
**Chart 7 – CTK, industrial production at constant USD prices, and cross-border goods trade volume, global index, seasonally adjusted, Jan 2019 = 100**



Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics, Macrobond

On the other hand, the global manufacturing output PMI (Purchasing Managers' Index) fell below the critical 50-point benchmark in August, signaling a minor contraction with 49.9 points (down from 50.2 in July), as inflation and high borrowing costs, tight labor markets, and supply chain disruptions continue to weigh on the manufacturing sector (**Chart 8**). The global result was partially driven by the US economy, where the manufacturing output PMI fell even more dramatically to 48.2 points, possibly linked to slower than expected sales, rising inventory build-up, and high input costs. Similarly, the global new export orders PMI, a measure of the perceived well-being of international trade, maintained a pessimistic outlook in August with 48.4 points (down from 49.3 in July). With this, purchasing managers expected new export orders to contract for the third time in a row, after two months of a slightly improved outlook. In addition to the pressures that affect global manufacturing, global trade also has been suffering from deteriorating trade relationships.

**Chart 8** – Seasonally adjusted industry CTK, YoY, % (LHS), and global manufacturing PMIs, 50 = no change (RHS)



Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics, S&P Global Market

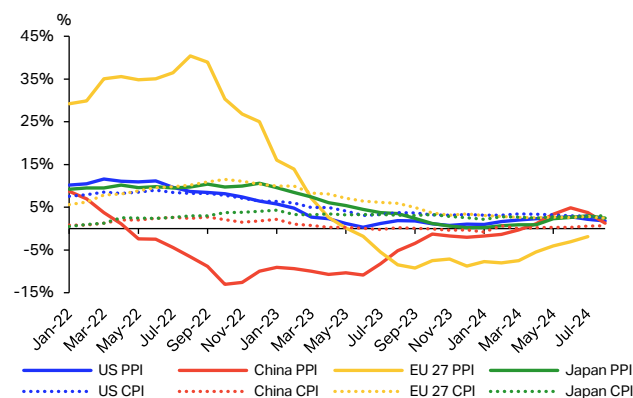
### August brought consumer price inflation down to lowest point since 2021 in both the US and the EU

US headline inflation, as measured by the annual evolution of the Consumer Price Index (CPI), dropped by 0.3 percentage points to 2.6% in August, the lowest value since early 2021 (**Chart 9**). Combined with several other factors (an uptick in the unemployment rate and rising inventory build-up), the Fed ultimately decided to cut interest rates by 0.5 percentage points in September. Similarly, the August inflation rate in the EU fell by 0.4 percentage points to 2.4%, the lowest value since mid-2021. The ECB started cutting interest rates in June and implemented a second round of cuts in September.

At the same time, Japan's inflation rate ticked up by 0.3 percentage points to 3.0% in August, the highest reading in 10 months. China's consumer price inflation continued its moderate upward trend, growing by 0.1 percentage points to reach 0.7%, the highest reading

in six months. Muted inflation in China since 2023 reflects weak domestic demand triggered by elevated unemployment, reduced income growth, and the downturn in the property market.

**Chart 9** – Consumer price index and producer price index in major economies, YoY, %



Source: IATA Sustainability and Economics using data from Macrobond

The Producer Price Index (PPI) tracks changes in the prices that producers receive for their products, and it can serve as a leading indicator for the CPI. Compared to July, producer price inflation fell last month in the US to 1.8%, Japan to 2.5%, and China to 1.2%. For the latter, this marked a substantial 2.5 percentage point drop compared to July's figure (partially linked to a base effect). August values for the EU 27's PPI are not available to date. In July, the region maintained the major deflationary trend that began mid-2023 with a PPI reduction of -1.9% YoY, although that figure reflects the smallest instance of deflation in 13 months.

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<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>11.4%</b>	<b>6.2%</b>	<b>2.0%</b>	<b>44.0%</b>	<b>13.0%</b>	<b>8.7%</b>	<b>1.7%</b>	<b>45.1%</b>
Africa	2.0%	7.5%	11.4%	-1.4%	37.8%	13.8%	17.8%	-1.5%	42.7%
Asia Pacific	33.3%	14.6%	8.6%	2.4%	46.6%	16.1%	12.9%	1.3%	46.2%
Europe	21.4%	13.5%	9.4%	1.8%	50.1%	13.8%	9.6%	2.0%	53.0%
Latin America	2.8%	14.2%	8.0%	1.9%	35.9%	10.5%	8.4%	0.7%	35.9%
Middle East	13.5%	13.5%	4.0%	3.7%	44.5%	17.1%	8.1%	3.5%	46.3%
North America	26.9%	4.8%	2.4%	0.9%	38.7%	6.7%	3.4%	1.2%	39.6%
<b>International</b>	<b>86.6%</b>	<b>12.4%</b>	<b>8.2%</b>	<b>1.9%</b>	<b>49.2%</b>	<b>13.9%</b>	<b>11.2%</b>	<b>0.2%</b>	<b>50.6%</b>
Africa	2.0%	7.5%	11.7%	-1.5%	38.7%	13.8%	17.6%	1.5%	43.8%
Asia Pacific	29.8%	14.8%	11.9%	1.3%	53.6%	16.1%	16.9%	0.4%	54.0%
Europe	21.0%	13.6%	9.8%	1.8%	52.4%	14.0%	9.9%	0.2%	55.1%
Latin America	2.4%	12.5%	8.6%	1.3%	38.5%	9.6%	9.8%	0.4%	39.9%
Middle East	13.4%	13.6%	4.0%	3.8%	44.8%	17.1%	8.1%	0.2%	46.6%
North America	17.9%	7.1%	4.3%	1.2%	45.6%	8.3%	6.5%	-1.1%	46.8%

Note 1: % of industry CTKs in 2023

Note 2: 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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3 October 2024

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