Air Cargo Market Analysis

December 2024

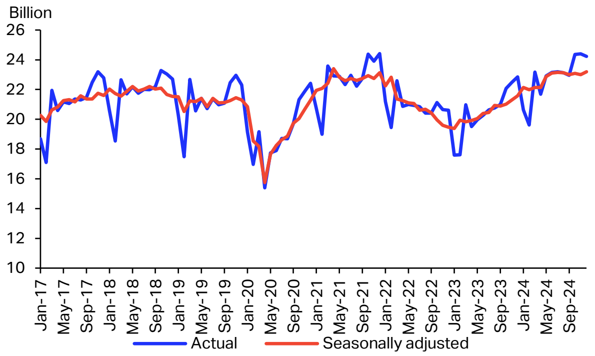
Cargo capacity and demand close 2024 on a high note

- Air cargo demand continued its upward trajectory in December, with global CTK rising 6.1% year-over-year (YoY), marking 17 consecutive months of growth. But after seasonal adjustments, demand showed a moderate uptick with 0.9% month-on-month (MoM). The full year 2024 saw industry-wide CTK surpass 2023 levels by 11.3%, setting a new record by exceeding 2021's volumes.
- International CTK grew 7% YoY, with most regions and major trade lanes experiencing growth. Within Asia carriers led the charge with a 11% YoY increase. The Asia-North America trade lane, the largest in cargo volume, saw an 8% annual rise in cargo demand. All regions and trade lanes saw growth averaging over 5% for the full 2024.
- Global air cargo capacity, measured in Available Cargo Tonne-Kilometers (ACTK), grew 3.7% YoY in December. Year-to-date, ACTK increased by 7.4% compared to 2023. Average Cargo Load Factor (CLF) for the year ended 45.9%.
- Jet fuel prices dropped in YoY terms for the sixth consecutive month, by 14.9%, while global air cargo yield continued its upward trend, increasing by 6.6%, for the seventh consecutive month.

Air cargo demand continued to build momentum

The global air cargo industry demand added yet another month of solid growth, at 6.1% YoY, a momentum now sustained for 17 consecutive months **(Chart 1)**. However, on a MoM basis, CTK had a modest gain of 0.9%, after adjusting for seasonal variations.

Chart 1 – Industry CTK, billion



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

The Asia Pacific region remained the driving force behind the industry's annual CTK growth, with a 46.6% contribution, although this figure represents a 4.9 percentage point decline from the same period in 2023. For the third consecutive month, North American carriers secured the second position, surpassing their European counterparts. The North American sector's 23.6% contribution marks a significant 17.6 percentage point increase from the previous year, underscoring the region's robust economic state. Meanwhile, European airlines accounted for 17.8% of the growth, a marginal 0.1 percentage point decrease. The Middle Eastern carriers' contribution of 7.6% represents a 4.5 percentage point drop from last year, extending a downward trend that began in September 2024, likely attributed to regional instability.

In 2024, the air cargo industry has made significant strides, with demand rising 11.3% compared to 2023. This marked a new historical peak, exceeding 2021 volumes by 0.5%, previously the highest on record. The industry showed strength despite complex challenges, ending the year on a high note with promising momentum. Global events like the Ukraine war and Middle East conflicts restricted airspace, increasing fuel costs. Security threats led to intensified measures, causing delays and backlogs. National elections in 73 countries saw incumbents lose votes to radical parties amid economic concerns. Capacity constraints and

Air cargo market in detail - December 2024

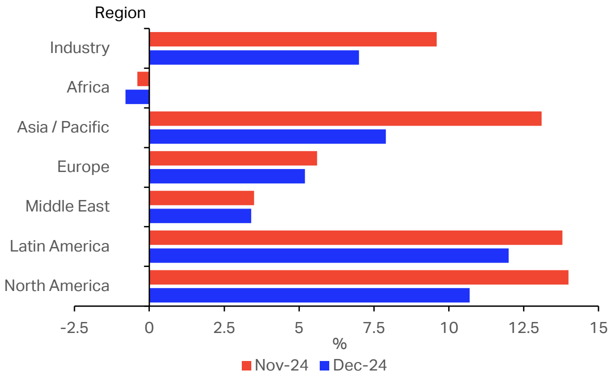
	World share [1]	December 2024 (% year-on-year)				December 2024 (% year-to-date)			
		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
·	*100.0%*	**6.1%**	**3.7%**	**1.0%**	**47.3%**	**11.3%**	**7.4%**	**1.6%**	**45.9%**
	87.3%	7.0%	5.2%	0.9%	52.5%	12.2%	9.6%	1.2%	51.3%

Note 1: % of industry CTKs in 2024

rising interest rates also impacted the industry's growth.

Global cargo demand growth remains in the single digits across most regions

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

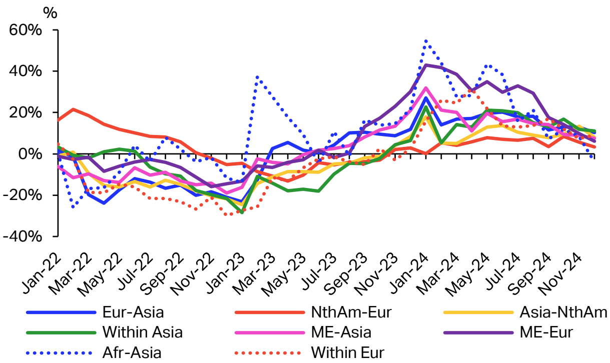


Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics

Global international air traffic experienced a 7% rise last month, driven by sustained e-commerce activity due to the holiday season in the Asia Pacific, Europe, and the United States. Meanwhile, international air cargo traffic displayed mixed performance across regions, with growth rates fluctuating between a 12% increase to a minor 0.8% decrease **(Chart 2)**.

Latin America and Caribbean led the way with a 12%, followed by North America with 10.7%. Asia Pacific, the largest market by cargo volume, experienced a 7.9% increase. In contrast, African airlines experienced their second consecutive YoY marginal drop, at 0.8%, following a month of stagnation.

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

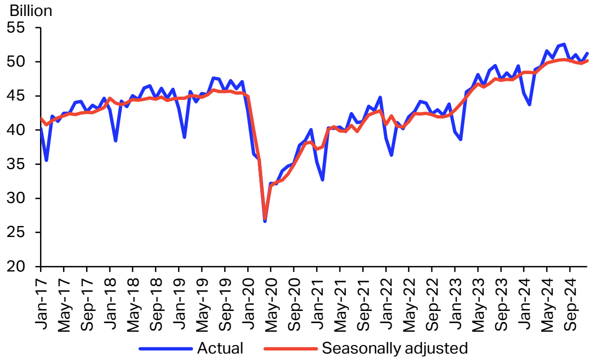


Source: IATA Sustainability and Economics using data from IATA Information and Data

Global air cargo demand continued its upward trend, with all major trade lanes reporting gains, although the Africa-Asia connection bucked the trend, experiencing a decline of 4%. Within Asia trade led with a surge of 11% YoY, extending its growth streak to 14 months. The Europe - Asia corridor followed closely, with a 10.3% increase, marking 22 months of uninterrupted growth, with the past year consistently in double digits. Meanwhile, the Within Europe route posted a 9.1% increase, its 13th consecutive month of growth. The Asia-North America corridor, the industry's largest cargo market, continued to thrive, posting an 8% YoY increase, its 14th consecutive month of expansion **(Chart 3)**. Comparing 2024 to 2023, all key air cargo routes saw significant gains, with the Europe-North America lane posting a respectable 5.5% increase, remaining the only route with single-digit expansion, while the Europe-Middle East route took the top spot with a remarkable 26% YoY surge.

Global air cargo capacity continued its steady ascent in December

Chart 4 – Industry ACTK, billion

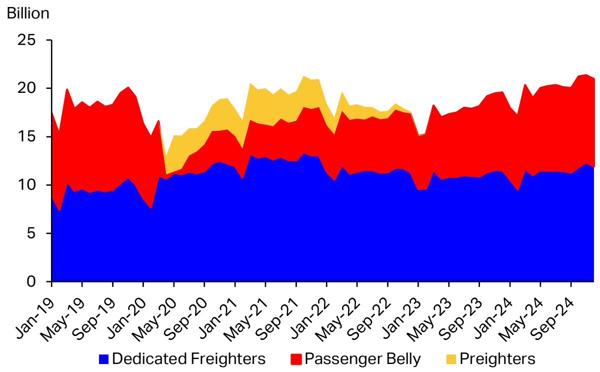


Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics

In the previous month, global ACTK rose by 3.7% YoY, similarly MoM, after seasonal adjustments, grew moderately by 0.7%, reversing three consecutive months of decline **(Chart 4)**. Year-to-date, ACTK volumes set a fresh benchmark, surpassing the 2023 total by 7.4%. The CLF for December 2024, which indicates the balance between demand and supply, increased by 1 percentage point compared to the value in the same month in 2023, reaching 47.3%. CLF has now surpassed its year-ago level for 10 consecutive months. This upward trend is often a sign of improved airline profitability and financial health. As the year ended, the air cargo industry wrapped up 2024 with a notable average CLF of 45.9%, a 1.6 percentage point increase over the previous year's performance.

International air cargo capacity saw a 5.2% YoY increase last month, retaining its leading position to overall capacity. Belly-hold capacity played a crucial role in the growth, with a 6.5% YoY increase, its 45th month in a row of expansion. In December 2024, belly-hold accounted for 53.9% of international cargo volume, up from 53.2% in the same month the previous year. Dedicated freighter capacity continued to rise, with a 3.8% YoY gain for the ninth consecutive month, making up 46.1% of international capacity volumes, down from 46.8% in December 2023 **(Chart 5)**. The full-year 2024 breakdown shows passenger belly capacity at 54.8%, with freighters at 45.2%, compared to 52.5% and 47.5%, respectively, in 2023.

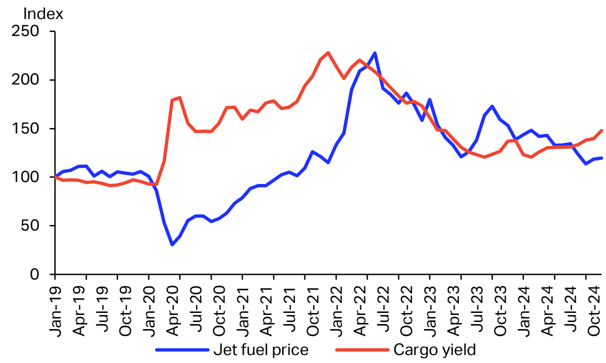
Chart 5 – International ACTK by cargo business type, billion



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

Fuel costs declined further, while air cargo revenue maintained its upward trend

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

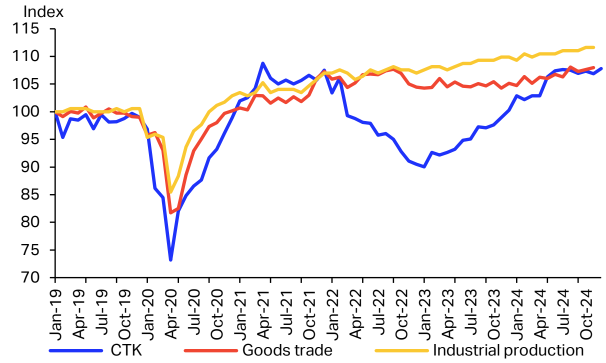
Average monthly global jet fuel prices in December dropped in YoY terms by a notable14.9%, the sixth consecutive fall, similarly in MoM terms it experienced a moderate reduction of 1.2%. The monthly jet fuel crack spread settled to USD 15.5, narrowing by USD 0.6 from last month. Several factors are contributing to the decline in global oil prices. World oil supply continues to rise, driven by increased production from OPEC+ African countries, which offsets declines in non-OPEC+ supply. Additionally, China's slower economic growth, along with the increased use of electric vehicles and alternative energy sources like liquefied natural gas, is reducing the country's oil demand, further pushing prices down **(Chart 6)**.

Global air cargo yield, including surcharges, experienced a minor 0.4% MoM decline, the first in five months, but still saw a 6.6% YoY increase, marking the seventh consecutive month of growth. By December's end, air cargo yields were 53.4% higher than in 2019.

A combination of factors is fueling the steady growth: robust holiday e-commerce demand, limited air cargo capacity between Asia and North America or Europe due to airspace restrictions, and persistent disruptions in sea shipping, including a de facto blockade in the Red Sea caused by Houthi-rebel attacks on merchant ships, particularly those bearing Western flags.

World trade volumes crept upward, outpacing industrial output while PMIs hint at a challenging outlook

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

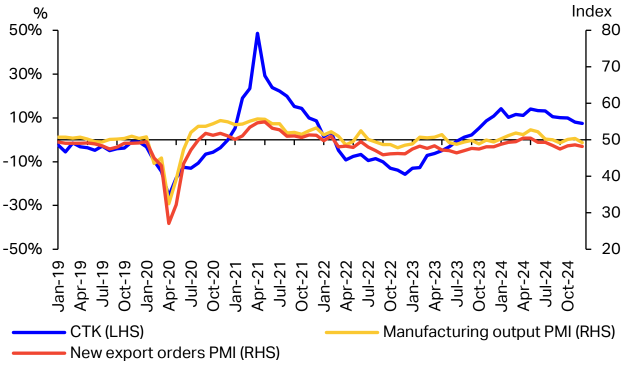


Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics, Macrobond

In November, the industrial production index increased by 1.6% on a YoY basis, marking the 23rd consecutive month of growth, whereas from the MoM standpoint it remained flat. The global merchandise trade followed a similar trend, with a 3.6% YoY surge, its eight consecutive months of growth, while the expansion in MoM terms was by a modest 0.4%, the second consecutive month of expansion (**Chart 7**).

Private sector performance is gauged by global economic indicators, known as Purchasing Managers' Indexes (PMIs). December's data painted a mixed picture, with manufacturing activity and new export orders slipping into decline. After a brief resurgence, manufacturing output slowed to 49.2, while new export orders remained stuck in a rut at 48.2 for the seventh consecutive month, hinting at potential further contraction in cross-border trade **(Chart 8)**.

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



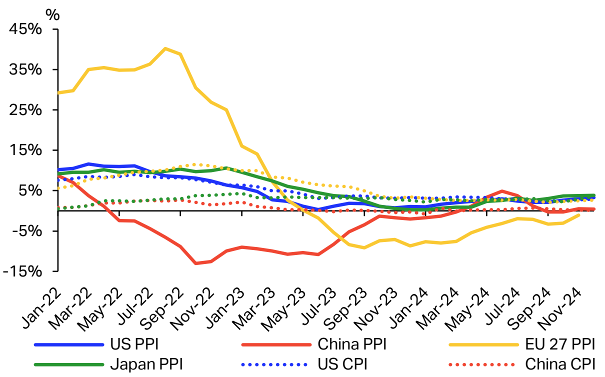
Source: IATA Sustainability and Economics using data from IATA Information and Data - Monthly Statistics, S&P Global Markit

Price trends for both consumers and producers continued to diverge from central banks' goals in key economies.

December's inflation landscape was marked by divergent trends worldwide. The United States saw its Consumer Price Index (CPI) climb 2.9% YoY, extending a streak of three consecutive monthly gains. Similarly, the Euro Area's CPI growth rate edged up 0.2 percentage points to 2.7% compared to November. Japan's CPI, on the other hand, surged by 3.6%, an increase of 0.7 percentage points from the previous month. CPI rates in these regions remain above target levels, possibly casting a shadow of uncertainty over air cargo and economic growth prospects

China's CPI growth rate slowed to 0.1% in December, marking a 0.1 percentage point decline compared to November and the fourth straight YoY decrease. Continued weak domestic demand may negatively impact air cargo shipments, as decreased household spending and pressures on manufacturers could lower the appetite for imported goods, ultimately reducing international trade volumes **(Chart 9)**.

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



Source: IATA Sustainability and Economics using data from Macrobond

A key indicator of future price trends, the Producer Price Index (PPI) monitors wholesale prices. December's US PPI data revealed a 3.3% YoY increase, marking a 0.3 percentage point gain and the third consecutive monthly rise. Meanwhile, Japan's PPI remained stable at 3.8% YoY. In contrast, China's PPI fell to 0.4%, indicating a disinflationary trend. The Euro Area 's November PPI, although still in deflation, saw a significant improvement reaching -1.1% YoY, a 2-percentage point increase from the previous month. The EU27 's December figures are yet to be released.

Shifts in producer price indexes (PPIs) have a ripple effect on air cargo trends. In the U.S. and Japan, escalating production costs may prompt companies to trim their budgets, potentially curbing air cargo demand. On the other hand, China's gentle PPI increase implies a stable cost environment, which could help sustain air cargo volumes. Meanwhile, the EU27's declining PPI is likely to reduce production expenses, making its exports more competitive and potentially driving up air cargo traffic on outbound routes.

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		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
TOTAL MARKET	***100.0%***	**6.1%**	**3.7%**	**1.0%**	**47.3%**	**11.3%**	**7.4%**	**1.6%**	**45.9%**
Africa	*2.0%*	-0.9%	1.8%	-1.1%	41.5%	8.5%	13.6%	-2.0%	41.8%
Asia Pacific	*34.2%*	8.4%	6.4%	0.9%	49.1%	14.5%	11.3%	1.3%	47.2%
Europe	*21.5%*	5.1%	3.7%	0.8%	56.7%	11.2%	7.8%	1.6%	53.7%
Latin America	*2.9%*	10.9%	8.4%	0.8%	33.5%	12.6%	7.9%	1.5%	36.6%
Middle East	*13.6%*	3.3%	0.2%	1.4%	47.3%	13.0%	5.5%	3.1%	46.9%
North America	*25.8%*	5.3%	2.1%	1.3%	42.1%	6.6%	3.4%	1.2%	40.3%
International	***87.3%***	**7.0%**	**5.2%**	**0.9%**	**52.5%**	**12.2%**	**9.6%**	**1.2%**	**51.3%**
Africa	*2.0%*	-0.8%	1.5%	-1.0%	42.8%	8.5%	13.4%	-1.9%	42.9%
Asia Pacific	*30.6%*	7.9%	8.8%	-0.4%	54.5%	14.4%	14.8%	-0.2%	54.5%
Europe	*21.0%*	5.2%	3.6%	0.9%	58.1%	11.3%	8.2%	1.6%	55.6%
Latin America	*2.5%*	12.0%	10.1%	0.6%	37.5%	11.7%	9.3%	0.9%	40.8%
Middle East	*13.6%*	3.4%	0.1%	1.5%	47.6%	13.0%	5.5%	3.1%	47.3%
North America	*17.5%*	10.7%	5.4%	2.5%	51.5%	9.3%	6.4%	1.3%	48.0%

Note 1: % of industry CTKs in 2024

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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29 January 2025

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