

COVID-19

Air cargo markets

Brian Pearce

Chief Economist

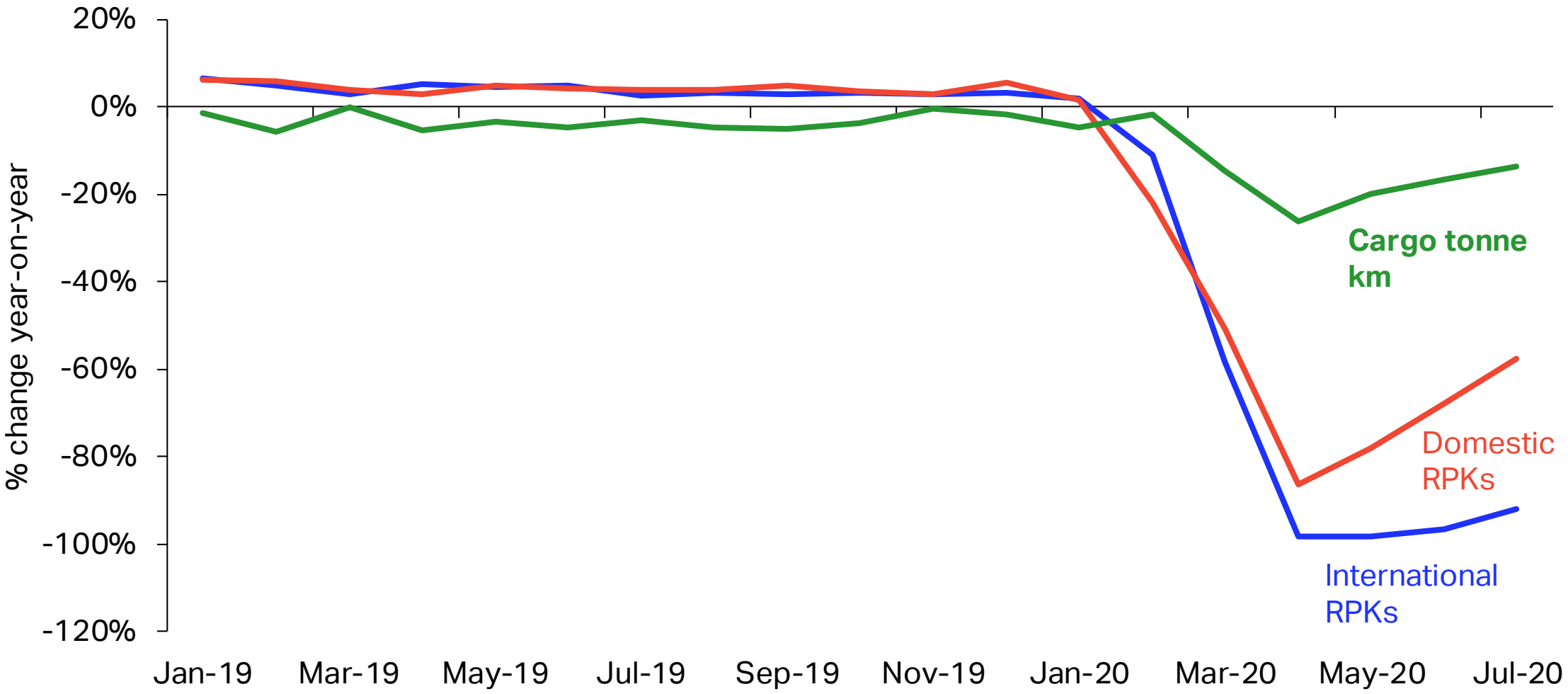
9th September 2020



Demand for air cargo much more robust than air travel

July cargo tonne km flown down -13.5% yoy vs -79.8% for global RPKs

Global air travel and cargo volume growth

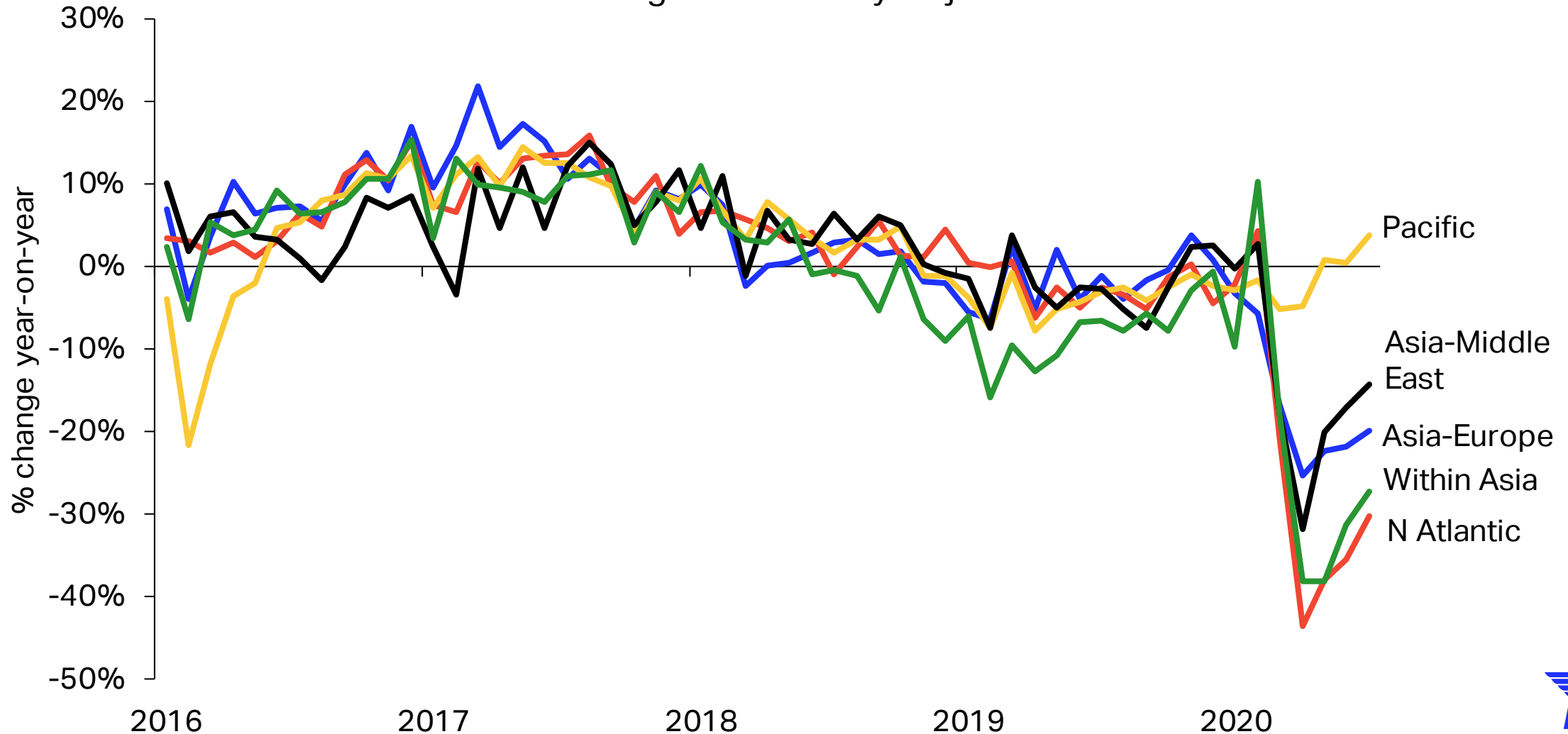


Source: IATA Economics using data from IATA Statistics

Cargo recovery varies across major trade lanes

Pacific market (segment-basis) up 3.7% yoy, N Atlantic down -30.3%

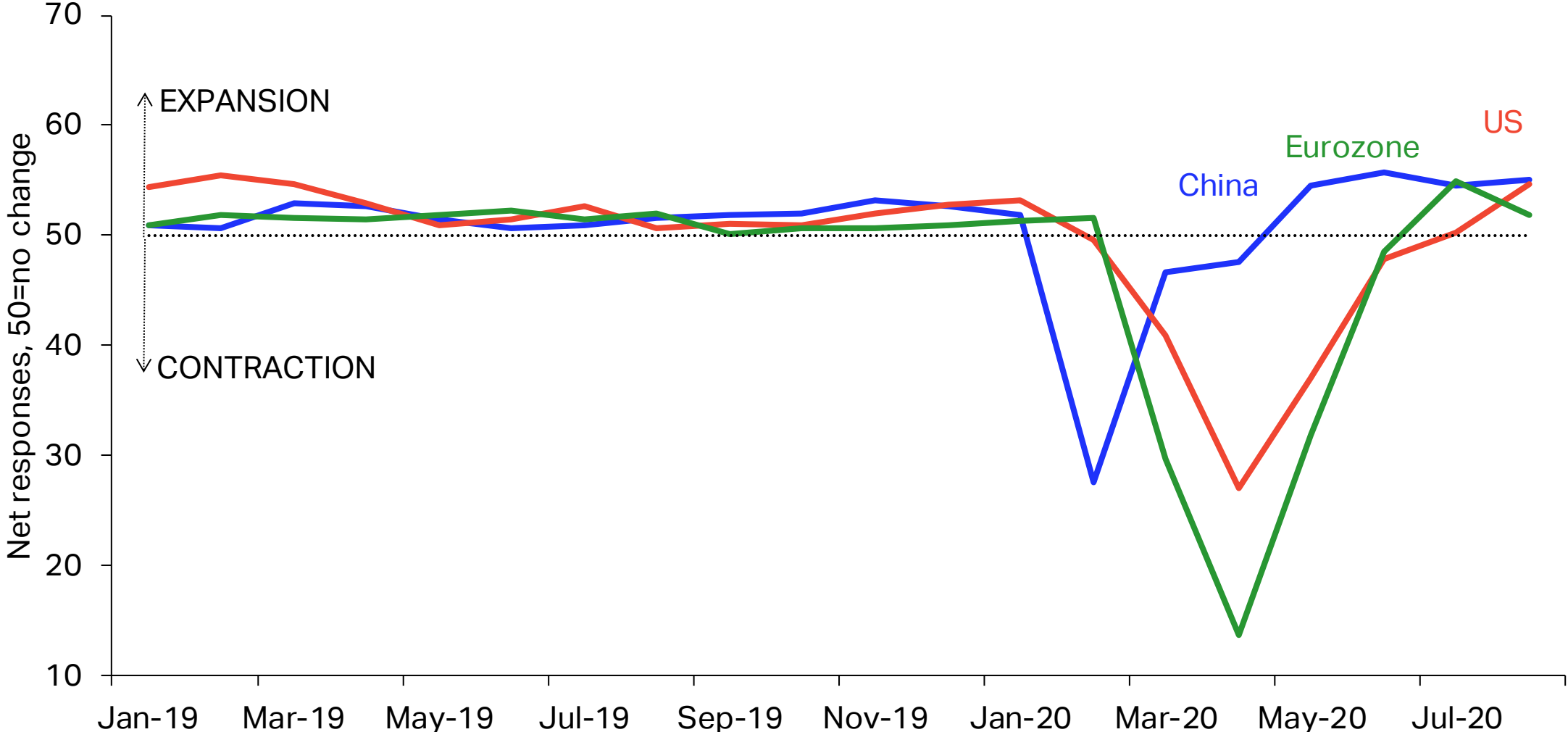
Growth in cargo tonne km by major trade lane



Business confidence has rebounded as lock-downs end

High past correlation points to a 'V-shaped' recovery in GDP

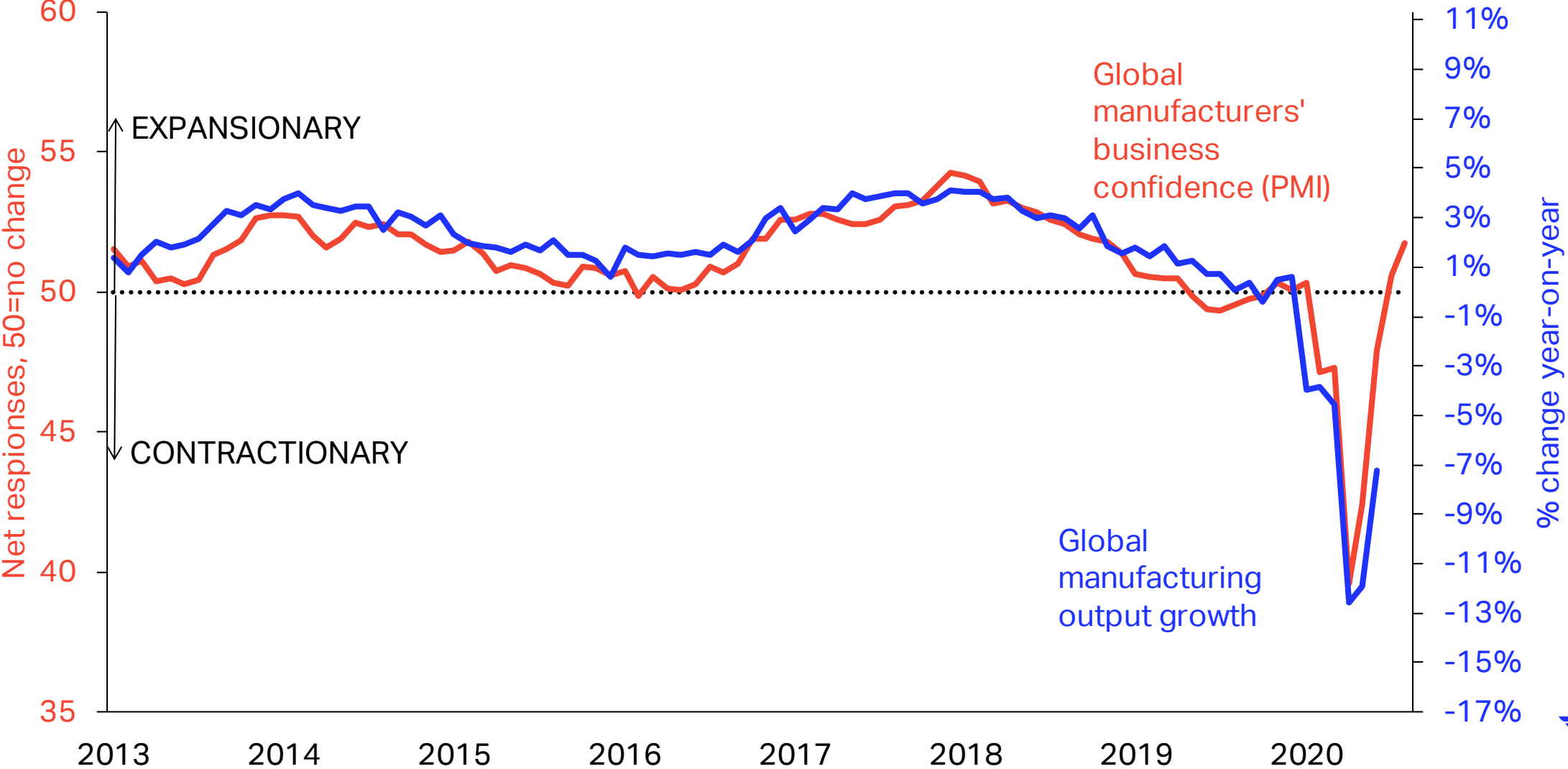
Business confidence (as measured by the Purchasing Managers Index)



Source: IATA Economics using data from Markit

Confidence data points to 'V-shaped' economic recovery

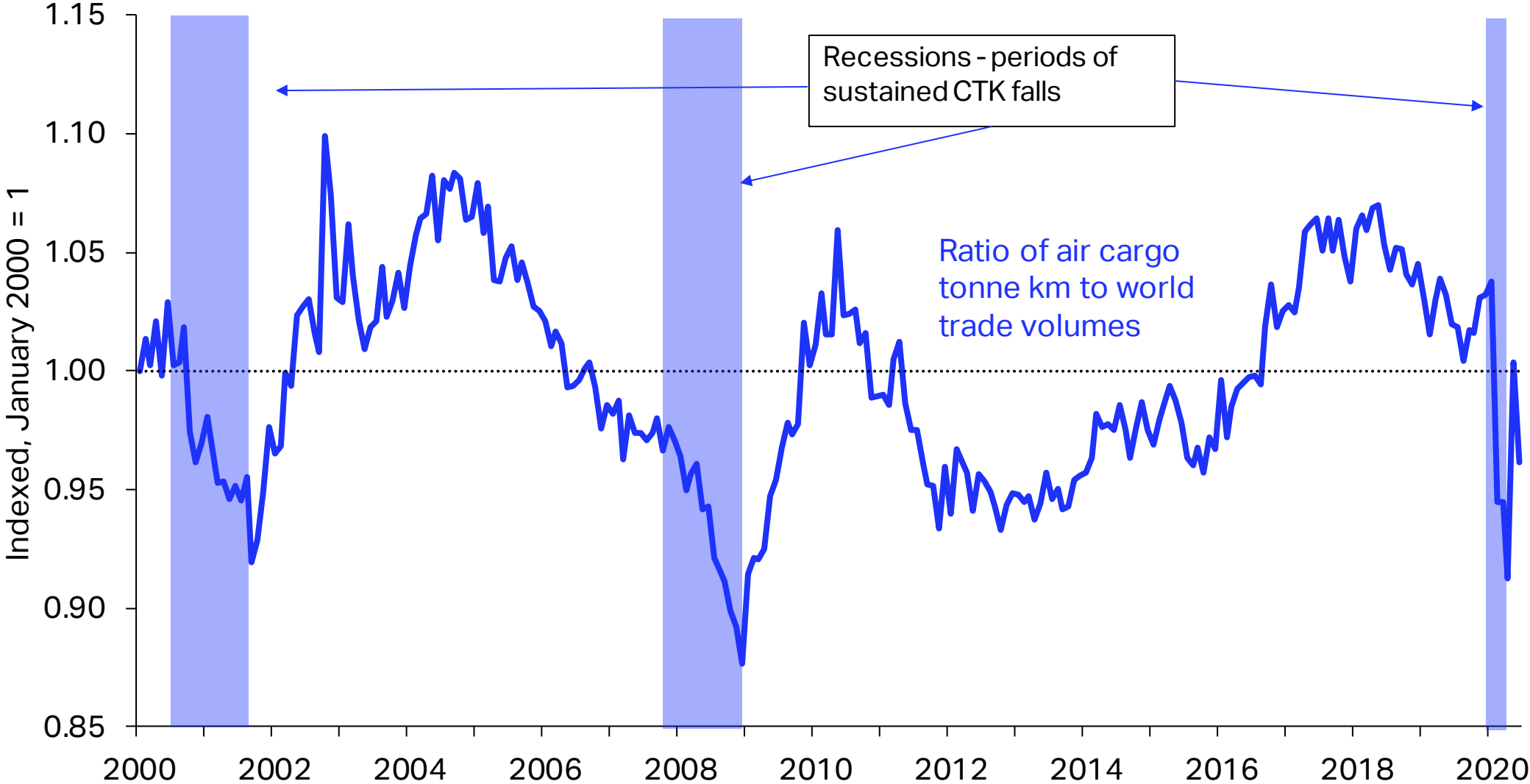
Survey data consistent with positive yoy growth in global manufacturing



Source: IATA Economics using data from Netherlands CPB and Markit

As economy recovers air cargo share should rise sharply

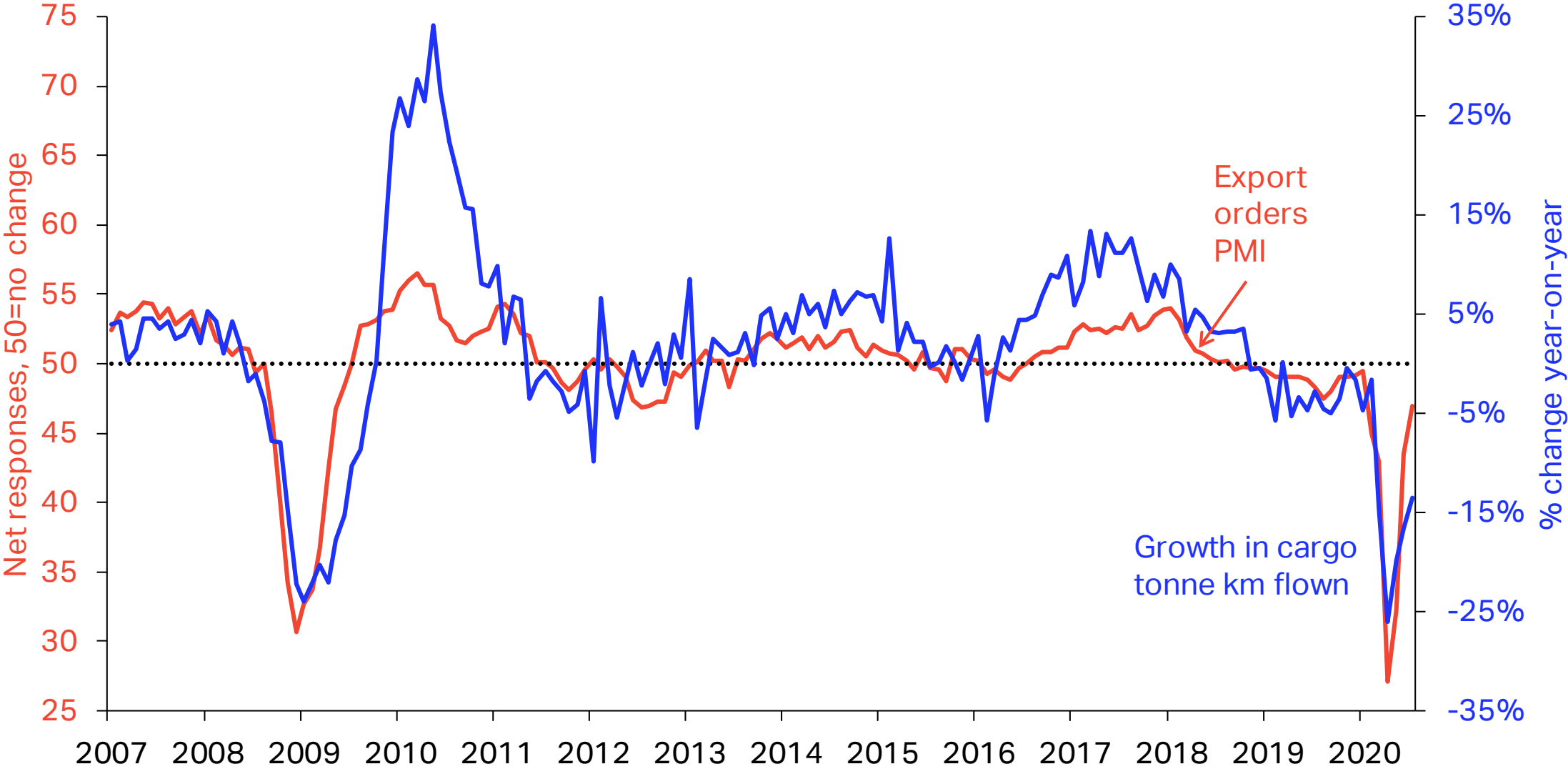
Coupled with slow return of passenger fleet may keep loads & yields firm



Source: IATA Economics using data from IATA Statistics and Netherlands CPB

Export orders up sharply points to strong cargo volumes

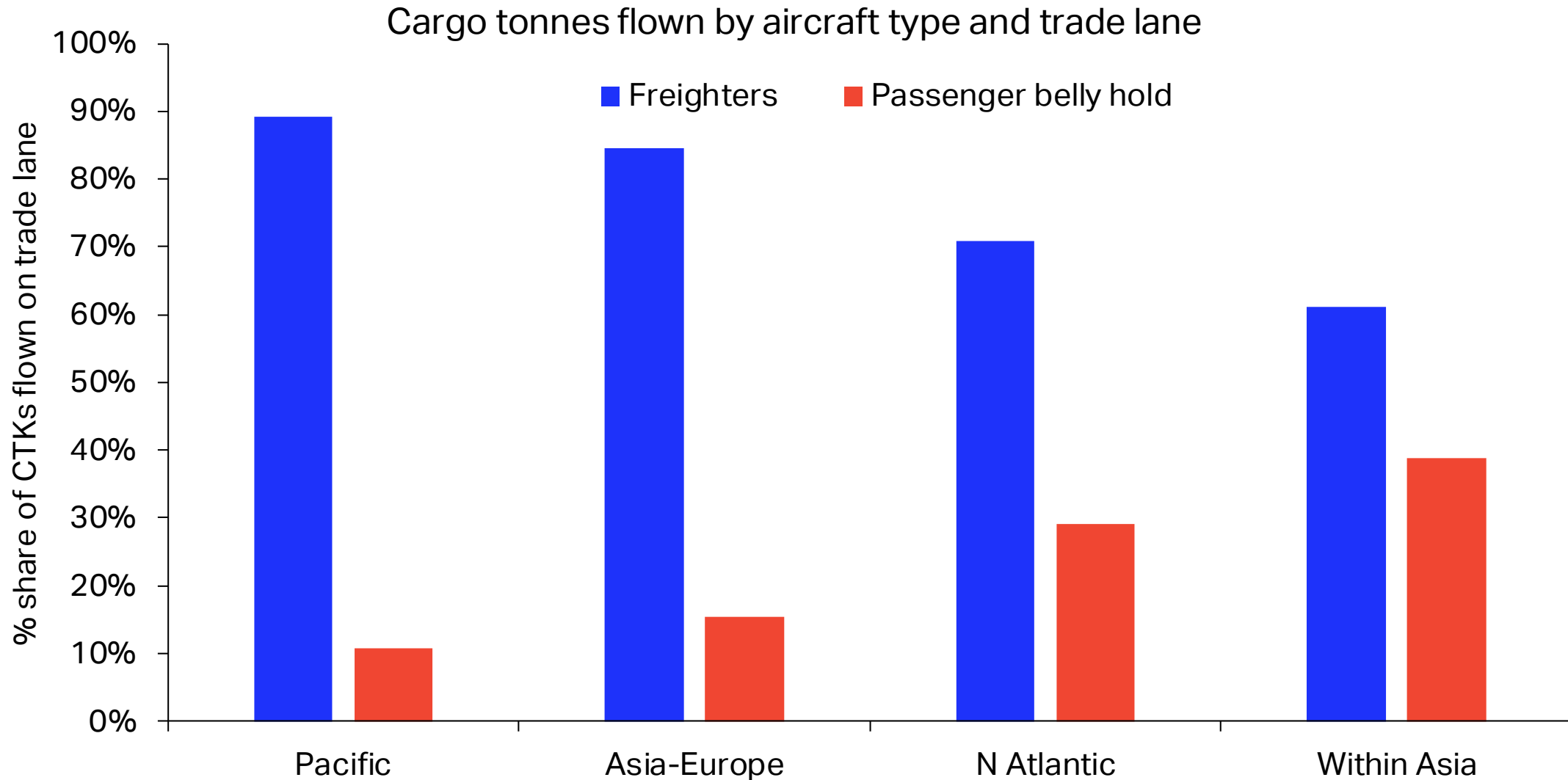
Export orders are rising substantially and air cargo outperforms in upturns



Source: IATA Economics using data from IATA Statistics and Markit

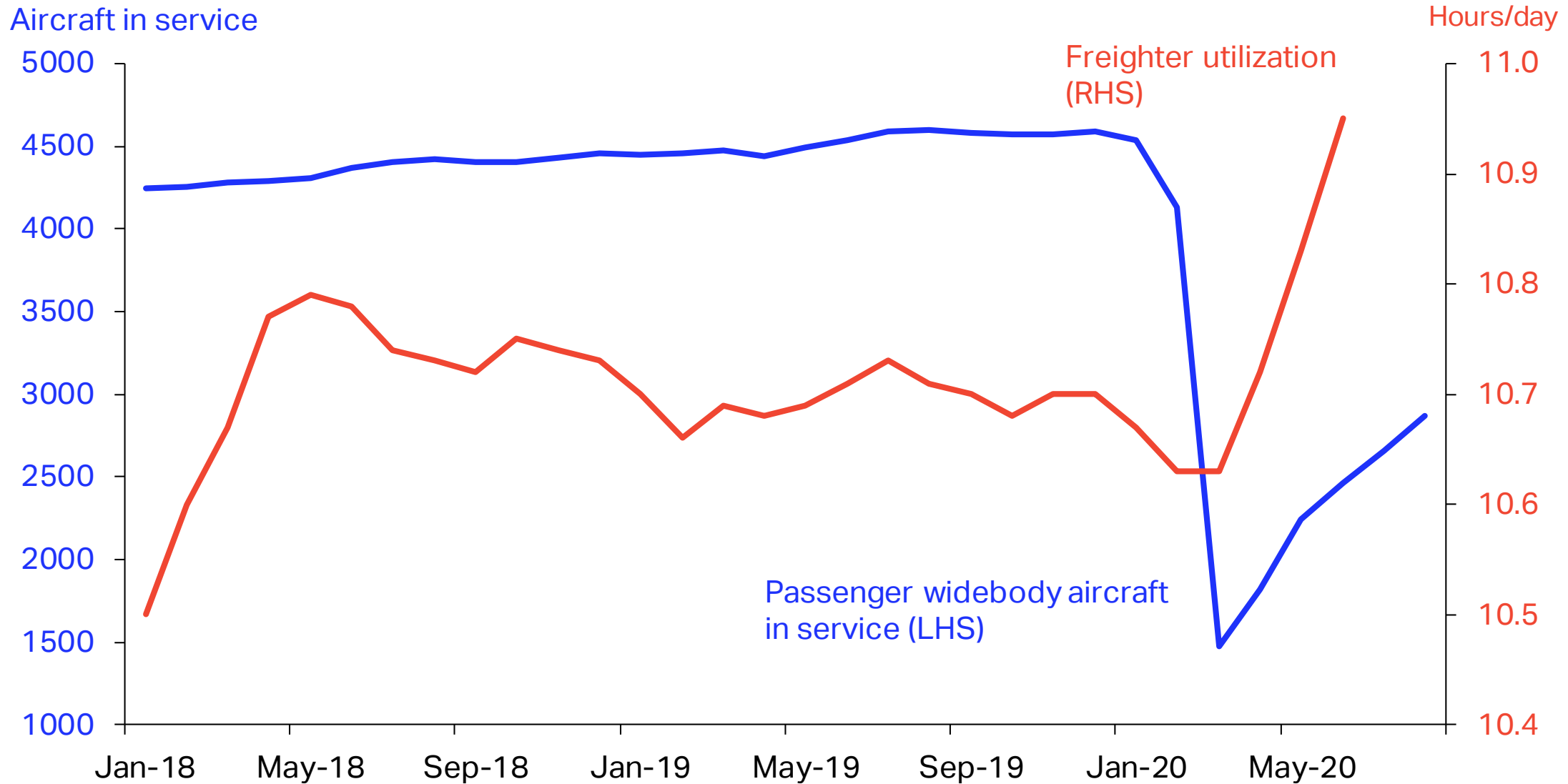
Freighters are carrying most cargo on all trade lanes

Usually more than half is carried in the belly holds of passenger aircraft



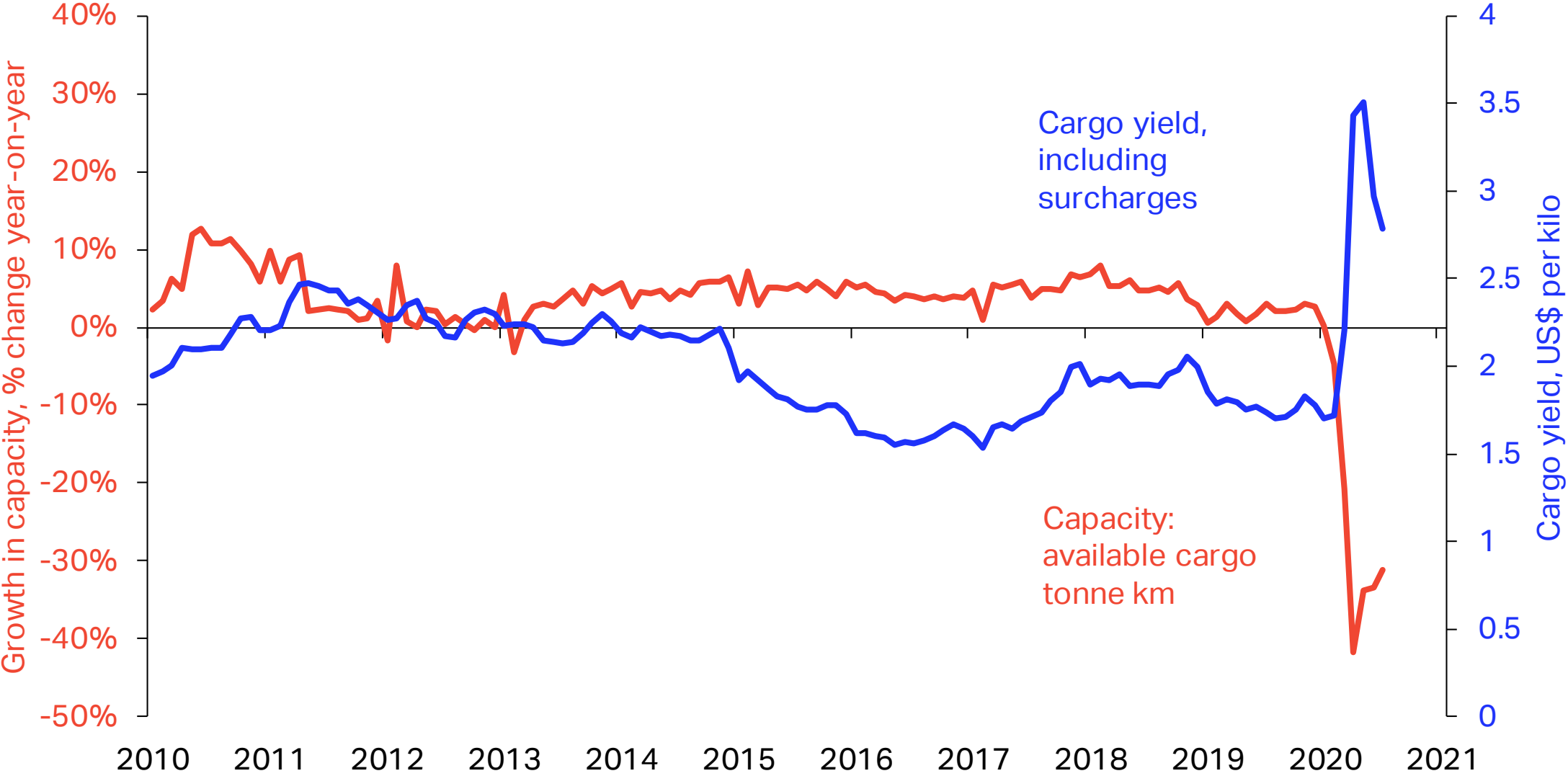
A challenge is the severe shortage of air cargo capacity

Freighter utilization high and widebody passenger aircraft slow to return



Shortage of cargo capacity has forced yields higher

July capacity down -31.1% yoy, yields up 60% vs last year

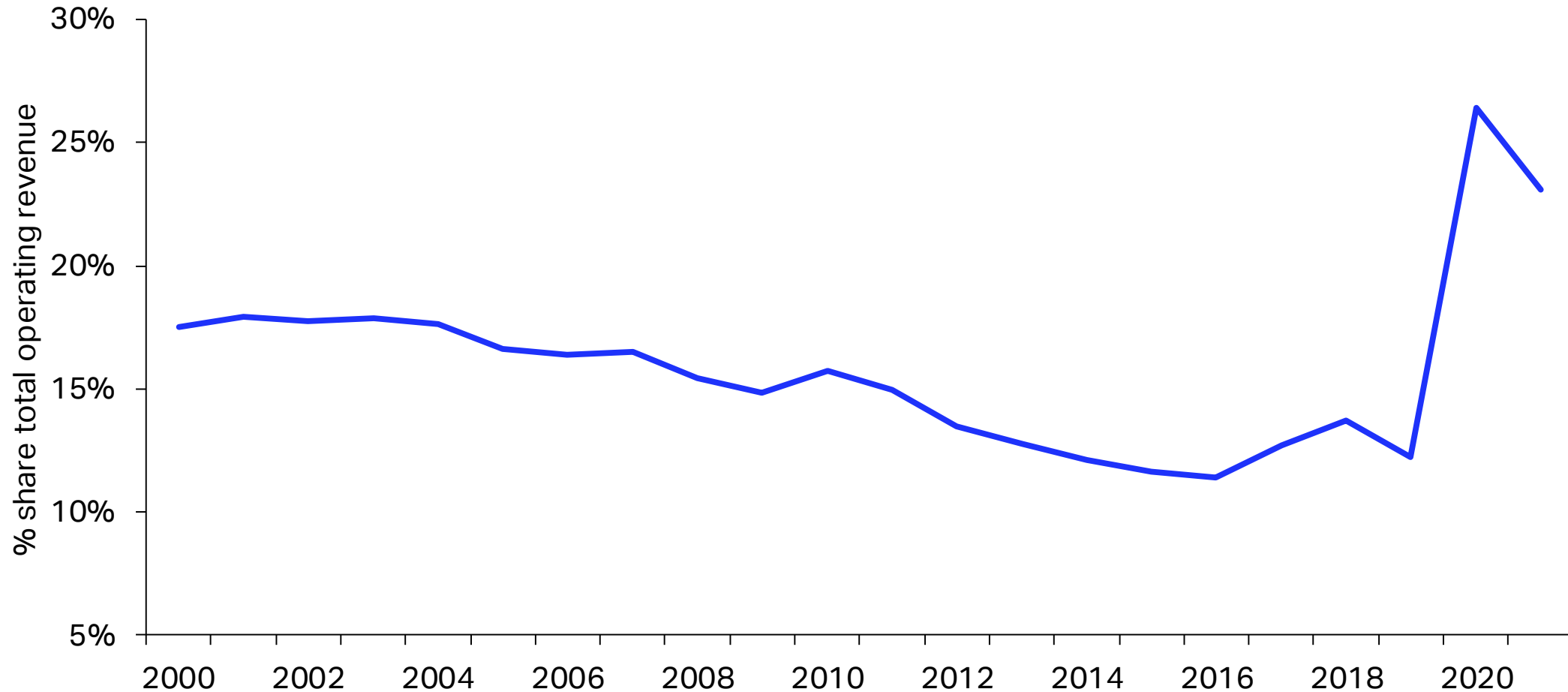


Source: IATA Economics using data from IATA Statistics and CargoIS

Cargo partial offset to collapsed passenger revenues

Cargo's share of operating revenues had been in decline; now ~25%

Cargo share of total airline industry operating revenue, %



Contacts

economics@iata.org

www.iata.org/economics

