



# Air Cargo Market Analysis

September 2022

## Air cargo activities experienced a slight decline in September

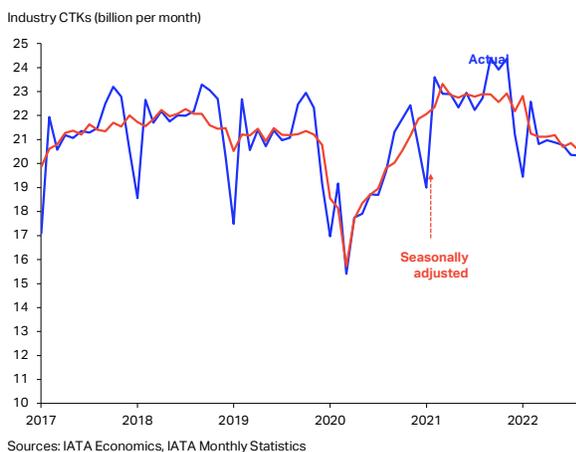
- September industry-wide cargo tonne-kilometers (CTKs) were 10.6% lower than a year ago, and the seasonally adjusted CTKs also contracted by 1.5% compared with the previous month.
- The increase in available cargo tonne-kilometers (ACTKs) further slowed in September to just 2.4% year-on-year (YoY), driven by the softening air cargo demand. This in turn contributed to a 1.4 percentage point increase in the average industry load factor compared with August.
- International CTKs experienced the same YoY contraction as the industry total CTKs in September, declining by 10.6%. This was mainly driven by the negative YoY growth in the Middle East, Europe, and Asia Pacific. Latin America continued to be the strongest performer in September, with international CTKs increasing by 13.2% YoY.
- International export demand remains weak. New export orders continue to shrink on a global level in September, when Germany saw the largest contraction since the onset of the pandemic.

### CTK activity softened further in September

Industry-wide cargo tonne-kilometers (CTKs) in September were 20.33 billion, just a minor decline compared with the previous month at 20.36 billion. Although this is a 10.6% decrease YoY, air cargo activity continued to track at near pre-pandemic levels (-3.6% compared with the same month in 2019).

Seasonally adjusted (SA) air cargo demand also contracted by 1.5% compared with August (**Chart 1**). Although this level of SA cargo activity is 10.2% lower than in the same month in 2021, it is close to the pre-pandemic level of SA CTKs in the same month in 2019.

**Chart 1:** Global CTKs seasonally adjusted (SA)



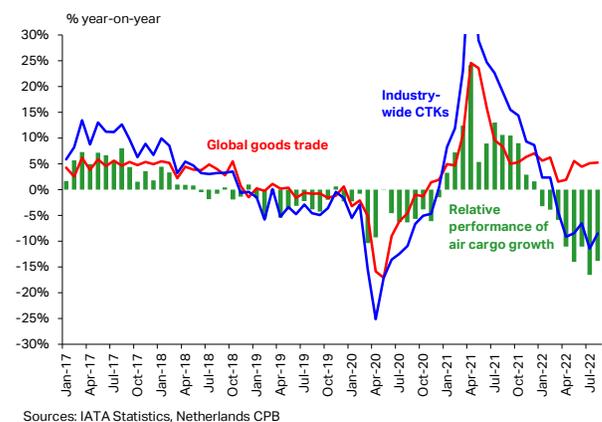
The softening air cargo demand is attributable to multiple headwinds. As most of the world's regions recover from the pandemic, post-pandemic consumer

spending habits are likely to lean towards vacation travel more than home shopping via e-commerce. High inflation levels and the increasing fear of an economic recession have a negative impact on the global flows of goods and services. In addition, the ongoing war in Ukraine still affects cargo capacity, with a number of important air cargo carriers directly impacted.

### Global goods trade remained steady with air cargo narrowing down the growth gap

The most recent data on global goods trade show that trade maintained a similar YoY growth rate at 5.2% in September (**Chart 2**). This stable trade performance is a positive signal to the world economy. Any easing of COVID-19 restrictions in China including factory reopenings will support the global trade recovery.

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



### Air cargo market - September 2022

	World share <sup>1</sup>	September 2022 (% ch vs the same month in 2019)				September 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>-3.6%</b>	<b>-7.4%</b>	<b>1.9%</b>	<b>48.1%</b>	<b>-10.6%</b>	<b>2.4%</b>	<b>-7.0%</b>	<b>48.1%</b>
International	87.0%	-3.7%	-8.1%	2.4%	53.4%	-10.6%	5.0%	-9.3%	53.4%

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

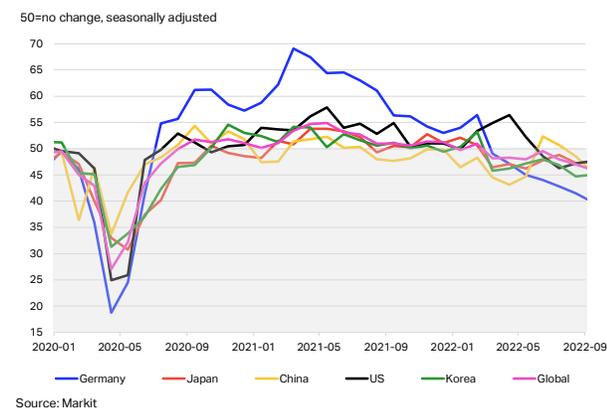
<sup>2</sup>Change in load factor vs same month in 2019

<sup>3</sup>Load factor level

However, most of the uptake in trade since this year has benefited maritime which has been growing in line with the global trade. Air cargo growth slightly narrowed the gap, with a one percentage point increase in its relative performance compared with the previous month.

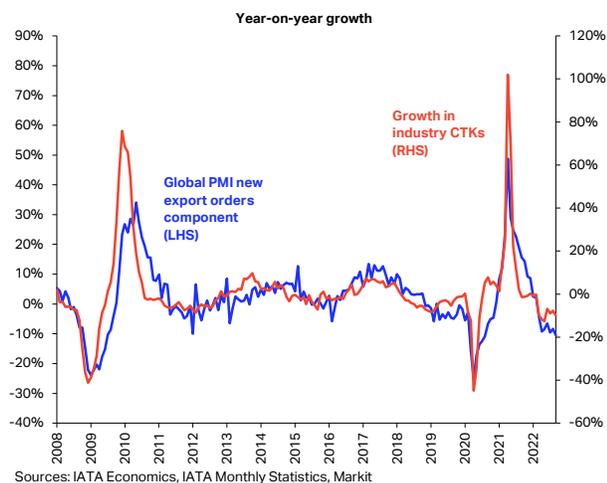
The PMI of new export orders – historically a leading indicator for air cargo shipments – remained below the critical 50 line, suggesting continued contractions across the board. The shrinking in international export demand extended into September for US, Japan and Korea. Meanwhile, China contracted for a third month in a row, signaling the impact of the country’s Covid-related restrictions on air cargo activities. Regarding Germany, the PMI decreased for the 7<sup>th</sup> consecutive month since March, marking the largest contraction since mid-2020 (**Chart 3**).

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



The global PMI contracted for a third month in a row to its lowest level in 2 years, weighing upon outlook for air cargo demand in the near future (**Chart 4**).

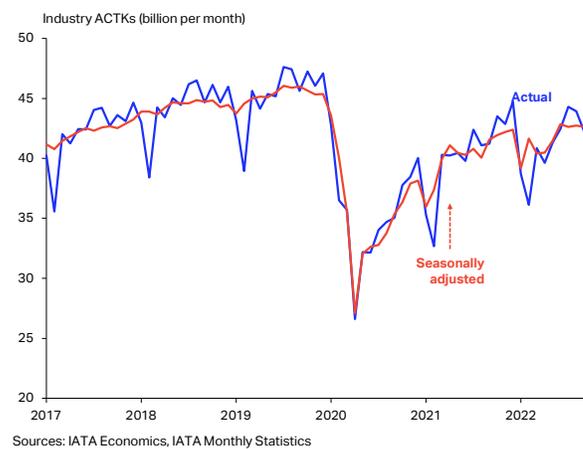
**Chart 4: CTK growth versus global new export orders**



**The strategic adjustment in air cargo capacity continues to boost the industry load factor**

Industry-wide available cargo tonne-kilometers (ACTKs) grew by 2.4% YoY in September, down from 6.3% YoY growth in the previous month (**Chart 5**). Compared with August, industry ACTKs declined by 3.8% MoM, suggesting that the industry continues to strategically adjust air cargo capacity to gain higher cargo load factors (CLF). As a result, the industry average CLF in September increased to 48.1% from 46.7% in August, which is also a 1.9% increase compared with the same month in 2019. Additionally, seasonally-adjusted ACTKs in September remained at about the same level compared with the previous month.

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

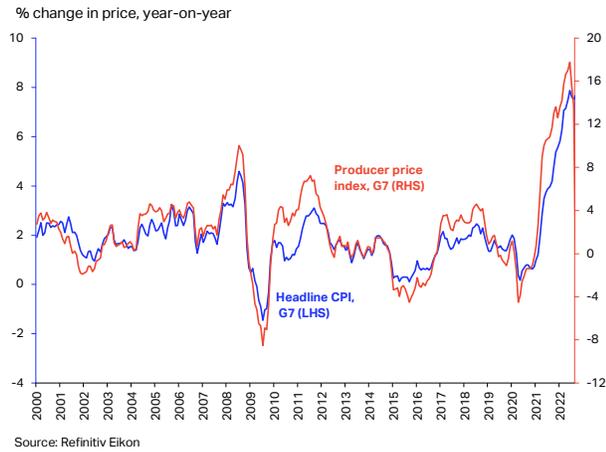


Following the adjustments in air cargo capacity, all regions achieved a higher CLF in September than the previous month. Africa saw the most significant increase in CLF from 42.0% in August to 45.1% in September. This was followed closely by Europe (52.8%) and the Asia Pacific (57.2%), with 2.9 and 2.5 percentage points increases, respectively. CLF in the Middle East increased by 1.3% to 47.8% in September. In comparison, North America (39.6%) and Latin America (38.1%) had relatively moderate increases in CLF compared with August, at 0.9% and 0.7%, respectively. Overall, cargo load factors in the Americas were still lower than that of the other world regions.

**Inflation stabilized for the first time since November 2020**

Year-on-year inflation, as measured by the Consumer Price Index (CPI) for the G7 countries was 7.7% in September, a 0.2 ppt increase from the August level, remaining at a decade high level. Inflation in producer (input) prices, however, continued to slow down for a second month, to 13.7% in August 2022 (**Chart 6**).

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

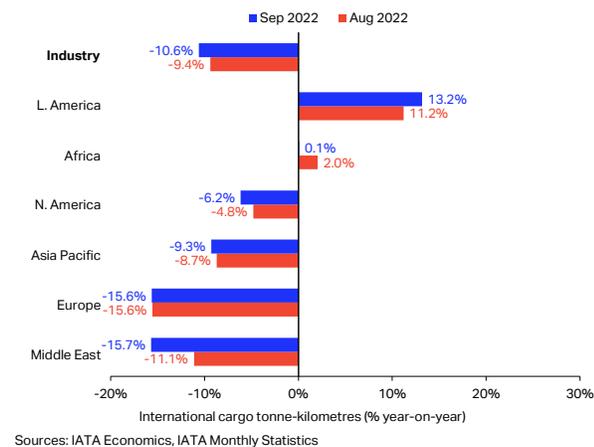


Oil is an important contributor to producer prices, and a major cost to airlines directly. The Brent crude oil price decreased further in September and continues to stabilize at a level of around USD 88.2 per barrel. The jet crack spread remains unusually wide at around USD 42 per barrel, though it has come off its high of USD 64 per barrel set in June.

**International CTKs – Continued strong growth in Latin America and positive growth in Africa**

Industry-wide international CTKs experienced the same YoY contraction as the industry total CTKs in September, declining by 10.6%. The YoY international CTK growth in North America, Asia Pacific, the Middle East, and Africa all saw a decrease relative to the August levels (Chart 7). In contrast, Latin America was the only region that achieved further expansion in international air cargo activity compared with the previous month.

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



In September, African airlines marginally kept a positive YoY growth in international air cargo activity at 0.1%, a noticeable decline from the 2% YoY growth in the previous month.

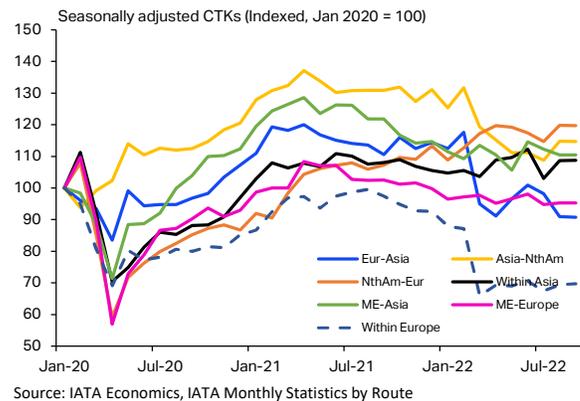
Airlines in Latin America continue to be the strongest performer, with international CTKs increasing by 13.2% YoY. This can be attributed to airlines in the region adding capacity, and the significant role air cargo plays in supporting economic activity in the region. The positive September performance was an improvement from the August increase of 11.2% YoY.

North America had a -6.2% YoY growth in September, which is a step back from the -4.8% YoY in August. Asia Pacific, which accounts for the largest share of CTKs of the global total, also had a contraction in its international CTKs from -8.7% YoY in August to -9.3% in September.

Airlines in Europe and the Middle East saw the greatest drop in YoY international CTKs in September, with a YoY growth rate of -15.6% and -15.7%, respectively. This is mainly a result of the conflict in Ukraine, labor shortages, and high inflation levels, notably in Türkiye.

The latest route area data show a pause of the increasing trends in seasonally adjusted CTKs in most region pairs, compared with the previous month (Chart 8).

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



The four region pairs that had positive YoY growth in SA CTKs in September were Europe-North America (11.6%), North America-South America (16.8%), Within Asia (0.7%), and Europe-South America (0.2%). In contrast, Within Europe was again the weakest performing region, with a -28.4% YoY growth in SA CTKs. This is followed by Europe-Asia at -18.0%, Africa-Asia at -16.7%, and Asia-North America at -12.4%. SA air cargo traffic between the Middle East and Europe was down by 7.0% YoY, which is slightly higher than the -9.4% YoY growth in SA CTKs between the Middle East and Asia in September.

## Air cargo market in detail - September 2022

	World share <sup>1</sup>	September 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>-10.6%</b>	<b>2.4%</b>	<b>-7.0%</b>	<b>48.1%</b>	<b>-6.0%</b>	<b>4.6%</b>	<b>-5.7%</b>	<b>50.7%</b>
Africa	1.9%	0.1%	-4.1%	1.9%	45.1%	1.1%	2.9%	-0.8%	47.1%
Asia Pacific	32.6%	-10.7%	2.8%	-8.7%	57.2%	-5.1%	1.8%	-4.4%	59.9%
Europe	22.8%	-15.6%	0.2%	-9.9%	52.8%	-10.2%	2.6%	-8.0%	56.5%
Latin America	2.2%	10.8%	18.4%	-2.6%	38.1%	17.5%	28.4%	-3.7%	40.3%
Middle East	13.4%	-15.8%	-2.8%	-7.4%	47.8%	-10.4%	4.2%	-8.1%	49.5%
North America	27.2%	-6.0%	4.6%	-4.4%	39.6%	-3.8%	6.3%	-4.4%	41.7%
<b>International</b>	<b>87.0%</b>	<b>-10.6%</b>	<b>5.0%</b>	<b>-9.3%</b>	<b>53.4%</b>	<b>-6.2%</b>	<b>6.0%</b>	<b>-7.3%</b>	<b>56.8%</b>
Africa	1.9%	0.1%	-4.5%	2.1%	46.0%	1.1%	2.5%	-0.7%	47.9%
Asia Pacific	29.5%	-9.3%	7.6%	-11.6%	62.2%	-3.7%	7.2%	-7.6%	66.6%
Europe	22.4%	-15.6%	0.5%	-10.6%	55.3%	-10.4%	2.9%	-8.7%	58.8%
Latin America	1.8%	13.2%	19.6%	-2.6%	46.1%	19.3%	27.5%	-3.4%	48.5%
Middle East	13.4%	-15.7%	-2.7%	-7.4%	48.2%	-10.4%	4.4%	-8.2%	49.9%
North America	18.0%	-6.2%	11.8%	-8.9%	46.3%	-5.0%	6.7%	-6.2%	49.8%

<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.

## Air cargo market in detail - September 2022

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Africa	1.9%	16.2%	-13.2%	11.4%	45.1%	12.9%	-15.1%	11.7%	47.1%
Asia Pacific	32.6%	-10.9%	-16.1%	3.3%	57.2%	-5.2%	-17.9%	8.1%	59.9%
Europe	22.8%	-12.6%	-17.3%	2.8%	52.8%	-7.5%	-16.9%	5.8%	56.5%
Latin America	2.2%	-7.1%	-8.8%	0.7%	38.1%	-3.9%	-15.9%	5.1%	40.3%
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Africa	1.9%	17.8%	-12.3%	11.8%	46.0%	14.2%	-13.9%	11.8%	47.9%
Asia Pacific	29.5%	-7.0%	-10.7%	2.5%	62.2%	-1.4%	-13.7%	8.3%	66.6%
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<sup>1</sup>% of industry CTKs in 2021

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 6 November 2022

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