

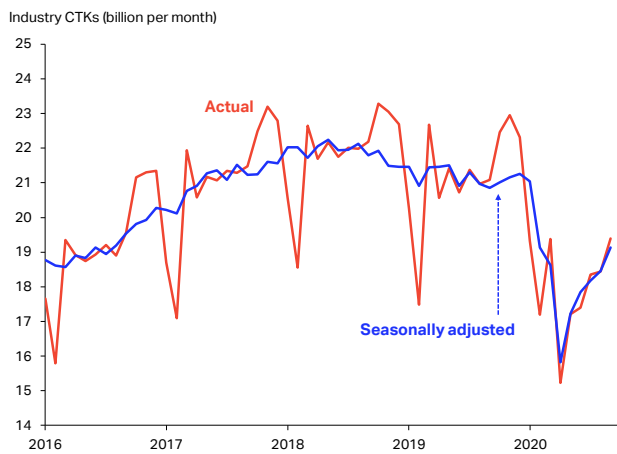
## Recovery in air cargo modestly accelerated in September

- The speed of recovery in air cargo increased slightly in September. Industry-wide cargo tonne-kilometres (CTKs) fell by 8.0% year-on-year compared with 12.1% decline in August. Month-on-month, CTKs showed the fastest growth since May, at 3.7%. The industry rebound remains largely driven by North American airlines.
- Key demand drivers of air cargo remain supportive despite the resurgence of COVID-19 cases. In Q4, cargo demand should be reasonably solid amid traditionally large e-commerce events & launches of popular consumer electronics.
- The lack of cargo capacity remains a key obstacle for faster recovery in air cargo business. Global available cargo tonne-kilometres fell by 25.2% year-on-year in September – more than three times faster contraction than in demand.

### Air cargo demand improved further in September

The pace of recovery in air cargo volumes accelerated slightly in September. Industry-wide cargo tonne-kilometres (CTKs) contracted by 8% year-on-year – a solid improvement on 12.1% decline in August. In month-on-month terms (blue line in Chart 1), CTKs picked up by 3.7%, which represents the fastest increase since May.

**Chart 1: CTK levels, actual and seasonally adjusted**

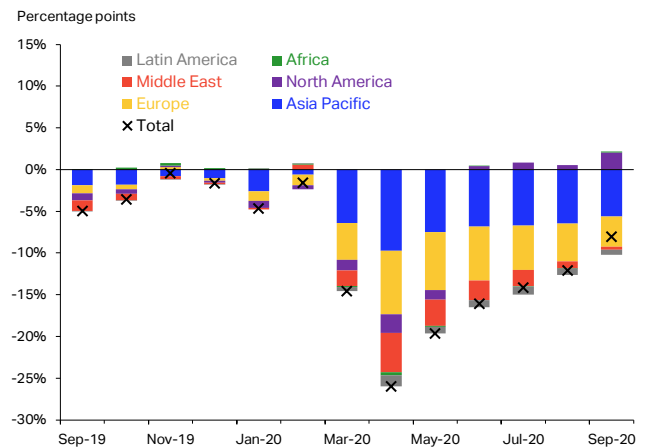


Sources: IATA Economics, IATA Monthly Statistics

As in the previous months, North American airlines continued to lead the industry-wide rebound (CTKs up 8.6%yoy), benefitting from robust demand for e-commerce in domestic US market and solid performance of Asia – North America trade lanes. September marked also considerable improvement for African carriers that showed a strong 8.2% CTk expansion – the best outcome since the crisis started. However, European and Asia Pacific airlines continue

to recover only slowly, offsetting the performance of the improving markets as shown in the chart below.

**Chart 2: Contribution to annual CTk growth (airline region of registration)**



Sources: IATA Economics, IATA Monthly

In most regions, the demand for air cargo has been driven by relaxation of restrictions linked to COVID-19. As countries unlocked and people returned to work, key economic indicators such as global manufacturing output and manufacturers' business confidence rebounded strongly. This in turn helped to revive appetite for goods shipped by air.

### Key demand drivers hint that recovery will continue

In the near-term, cargo demand is likely to improve further. As the world economy emerges from the crisis, companies would be normally expected to turn to air as their preferred mode of transport to get inventories into their production facilities as quickly as possible. CTk should be also supported by three traditionally large e-commerce events (Single's Day,

### Air cargo market overview - September 2020

	World share <sup>1</sup>	September 2020 (% 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>-8.0%</b>	<b>-25.2%</b>	<b>10.6%</b>	<b>56.9%</b>	<b>-13.2%</b>	<b>-24.7%</b>	<b>7.0%</b>	<b>53.3%</b>
International	86.8%	-9.9%	-28.0%	12.8%	63.8%	-14.5%	-25.2%	7.4%	58.5%

<sup>1</sup>% of industry CTk in 2019

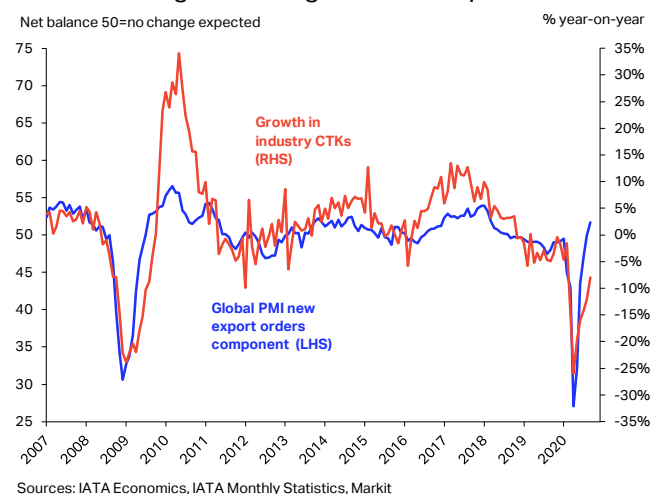
<sup>2</sup>Year-on-year change in load factor

<sup>3</sup>Load factor level

Black Friday & Christmas) as well as launches of popular electronics (iPhone & PlayStation 5).

The development in leading economic indicators also bodes well for the near-term outlook. The new export orders component of the Global Manufacturing PMI rose above 50-line for the first time since mid-2018 (Chart 3). This indicates a robust recovery in demand for manufactured items. Global merchandise trade has been also improving and is expected to strengthen in late-2020. Indeed, the World Trade Organization revised their 2020 trade forecast from -12.9% annual contraction under optimistic scenario, to -9.2% fall.

**Chart 3: CTK growth vs. global new export orders**

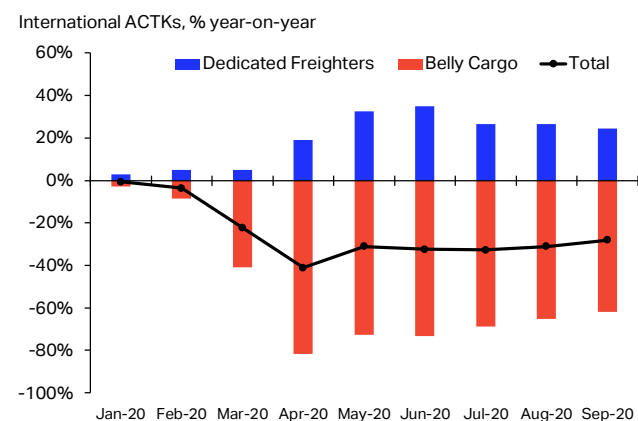


Despite these positive developments, there is still a considerable uncertainty about how the pandemic plays out over the next months. Many countries have been experiencing second waves of COVID-19 since August and as a result started to reimpose restrictions. The new virus spikes might lead to renewed need for medical goods which would support air cargo demand. On the other hand, a potential fall in economic activity and business confidence might reverse the CTK recovery.

**Available cargo capacity is still insufficient**

The lack of cargo capacity remains one of the main obstacles for faster rebound in air cargo volumes.

**Chart 4: Int'l belly cargo and freighter capacity growth**



Although passenger fleet gradually comes back to service, the belly cargo capacity recovers only slowly (Chart 4). This can be explained by airlines taking out of storage mostly narrow-body passenger aircraft that cannot accommodate as much cargo as larger wide-body planes.

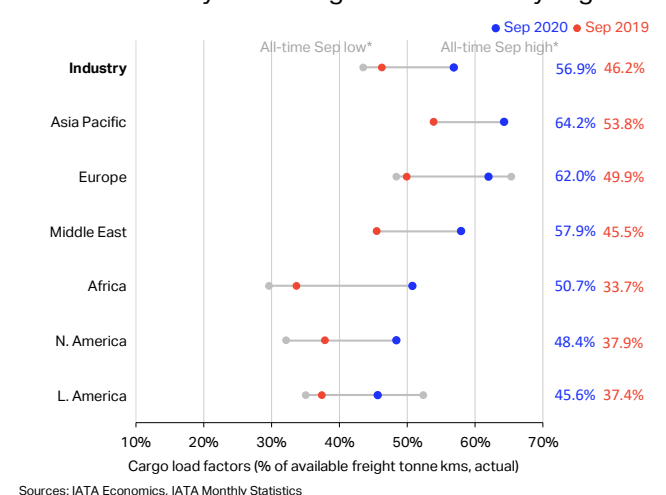
Freighters available capacity has increased significantly over the recent months and their utilization rates remain at record-high levels. However, the total industry capacity, expressed in global available cargo-tonne kilometres (ACTKs) is still down 25.2% year-on-year (compared with -42% at the peak of the crisis). As a result of this insufficient capacity, many airlines continue to use 'preighters' to ship goods. As of early October, the number of passenger aircraft adapted to transfer in-cabin cargo is estimated to be at around 2,500.

The industry-wide capacity picture hides differences across regions. North American airlines added the most capacity back so far (-15.0%yoy) followed by the carriers in the Middle East (-23.6%yoy). On the other hand, Latin American ACTKs recover only slowly, and were down 36.5% year-on-year in September.

**All-time high industry load factor for another month**

Since recovery in global capacity lagged the rebound in cargo volumes, the industry-wide cargo load factor (CLF) reached a record-high for September (up 10.6ppts vs. a year ago). At the regional level, the highest load factors were posted by airlines in the Asia Pacific and Europe regions (Chart 5).

**Chart 5: Industry-wide cargo load factors by region**



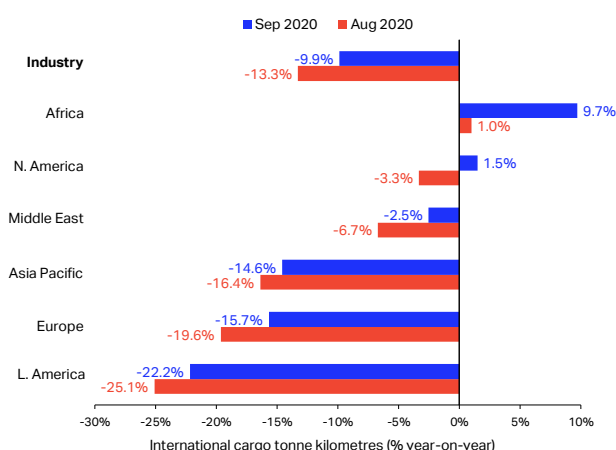
**International CTKs mirror the industry-wide image**

International demand continues to follow the similar recovery path as the industry. International CTKs fell by 9.9% annually in September, a solid improvement on 13.3% contraction in August. All regions showed better year-on-year outcomes compared with the previous month (Chart 6).

### Africa continues to lead the recovery in int'l cargo

African airlines led the international CTK growth chart for another month, recording 9.7% annual increase in cargo volumes. This small and quite volatile market recorded one of the smallest declines during the crisis and its volumes returned back to the pre-crisis levels in two months or so. That said, it has been largely Africa-Asia trade lanes that drove the region's recovery (+21.6%yoy), due to the solid foreign investment from recovering China into the region. Other key routes (to/from Europe and Middle East) remain deep in contraction territory (Chart 8).

**Chart 6: International CTK growth**



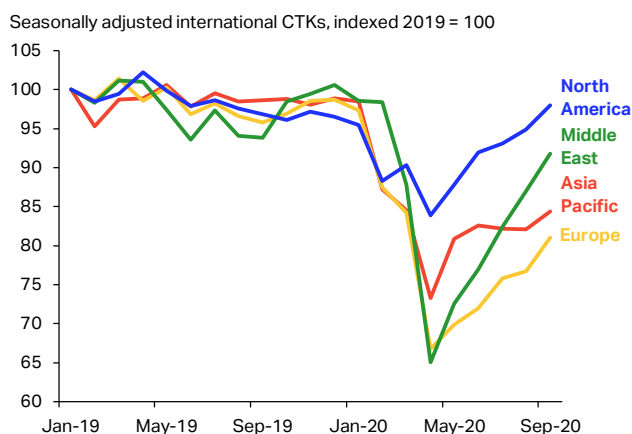
Sources: IATA Economics, IATA Monthly Statistics

### North America returns back to pre-crisis levels

North American airlines also performed strongly this month. Their international CTK growth turned positive for the first time in ten months (+1.5%yoy) and cargo volumes completely recovered from the crisis (Chart 7). The improvement has been mostly driven by the larger Asia – North America trade lanes due to strong demand for goods manufactured in Asia.

North America's domestic market has been so far significantly outperforming region's international routes. This can be attributed to the rising popularity of e-commerce since Q2 when the country went into strict lockdown.

**Chart 7: SA international CTKs, selected regions**

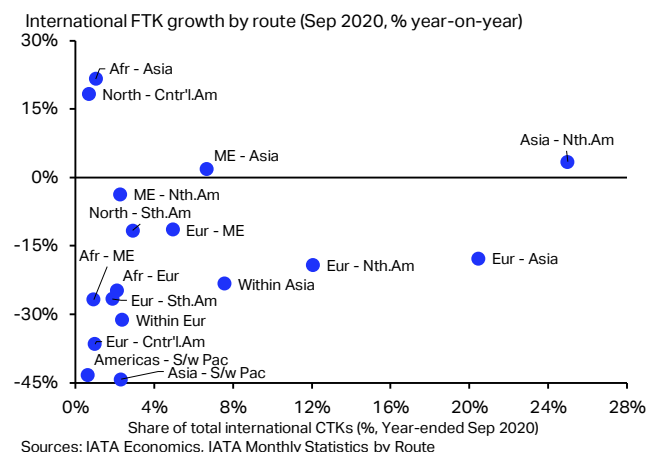


Source: IATA Monthly Statistics

### Middle East shows V-shaped air cargo recovery

Middle Eastern airlines recorded 2.5% annual contraction in international CTKs in September, compared with 6.7% annual fall in August. The region was one of the most severely hit at the peak of the crisis. However, it showed a sharp V-shaped recovery since then (Chart 7) as airlines quickly added capacity back to the market after the peak of the crisis.

**Chart 8: International CTKs by route (segment-based)**



### APAC and Europe airlines showed similar CTK falls

Following the stagnation in the past two months, the rebound in Asia Pacific international CTKs slightly accelerated as airlines added more capacity on the routes. International CTKs fell by 14.6% year-on-year in September, compared with 16.4% decline in August. Asia-North America and Asia-Middle East were amongst the best performing routes on this occasion.

Europe's air cargo continued to gradually improve in September amidst recovering economic activity and accelerating exports. However, all major routes were still in contraction territory and the aggregated international CTKs fell by 15.7% year-on-year. The sharp rise of Europe's new export orders' component of manufacturing PMI in September bodes well for the region's near-term CTK outlook. That said, new lockdowns and restrictions might hamper these potentially positive developments.

### Weak economic activity weighs on Lat.Am rebound

In Latin America, cargo demand remains subdued, with international CTKs down 22.2% year-on-year. The region's slow cargo recovery seems to be impacted more by a severe weakness in GDP and trade than by insufficient cargo capacity. Indeed, Latin America's international CLF was below its maximum in September and also one of the weakest amongst the regions.

IATA Economics  
[electronics@iata.org](mailto:electronics@iata.org)  
 4<sup>th</sup> November 2020

## Air cargo market detail - September 2020

	World share <sup>1</sup>	September 2020 (% 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>-8.0%</b>	<b>-25.2%</b>	<b>10.6%</b>	<b>56.9%</b>	<b>-13.2%</b>	<b>-24.7%</b>	<b>7.0%</b>	<b>53.3%</b>
Africa	1.8%	8.2%	-28.1%	17.0%	50.7%	-2.1%	-17.7%	6.7%	42.1%
Asia Pacific	34.5%	-15.9%	-29.5%	10.4%	64.2%	-17.2%	-29.2%	8.8%	60.6%
Europe	23.6%	-15.4%	-31.8%	12.0%	62.0%	-19.7%	-30.3%	7.7%	58.4%
Latin America	2.8%	-22.5%	-36.5%	8.2%	45.6%	-23.1%	-36.6%	7.5%	42.8%
Middle East	13.0%	-2.6%	-23.6%	12.5%	57.9%	-13.1%	-20.6%	4.3%	50.3%
North America	24.3%	8.6%	-15.0%	10.5%	48.4%	-1.0%	-16.4%	7.3%	46.7%
<b>International</b>	<b>86.8%</b>	<b>-9.9%</b>	<b>-28.0%</b>	<b>12.8%</b>	<b>63.8%</b>	<b>-14.5%</b>	<b>-25.2%</b>	<b>7.4%</b>	<b>58.5%</b>
Africa	1.8%	9.7%	-24.9%	15.8%	50.1%	-1.2%	-15.7%	6.2%	42.4%
Asia Pacific	30.4%	-14.6%	-32.0%	15.3%	75.0%	-14.9%	-26.4%	9.0%	67.3%
Europe	23.3%	-15.7%	-32.8%	13.2%	65.0%	-19.9%	-30.3%	7.8%	60.3%
Latin America	2.3%	-22.2%	-32.2%	6.9%	53.8%	-21.5%	-32.9%	7.3%	50.1%
Middle East	13.0%	-2.5%	-23.5%	12.6%	58.4%	-13.1%	-20.2%	4.1%	50.6%
North America	16.0%	1.5%	-19.7%	11.7%	55.9%	-7.3%	-21.3%	8.1%	54.0%

<sup>1</sup>% of industry CTks in 2019

<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.

### Get the data

Access data related to this briefing through IATA's Monthly Statistics publication: [www.iata.org/monthly-traffic-statistics](http://www.iata.org/monthly-traffic-statistics)

### IATA Economics Mobile App

100% free access to our analysis & briefing for iOS & Android devices. For more details or to download, see [here](#)

### IATA Economics Consulting

To find out more about our tailored economics consulting solutions, visit: [www.iata.org/consulting](http://www.iata.org/consulting)

Please note that as of January 2020 onwards, we have clarified the terminology of the Industry and Regional series from 'Freight' to 'Cargo', the corresponding metrics being FTK (change to 'CTK'), AFTK (change to 'ACTK'), and FLF (change to 'CLF'), in order to reflect that the series have been consisting of Cargo (Freight plus Mail) rather than Freight only. The data series themselves have not been changed.

**Terms and Conditions** for the use of this IATA Economics Report and its contents can be found here: [www.iata.org/economics-terms](http://www.iata.org/economics-terms)

By using this IATA Economics Report and its contents in any manner, you agree that the IATA Economics Report Terms and Conditions apply to you and agree to abide by them. If you do not accept these Terms and Conditions, do not use this report.