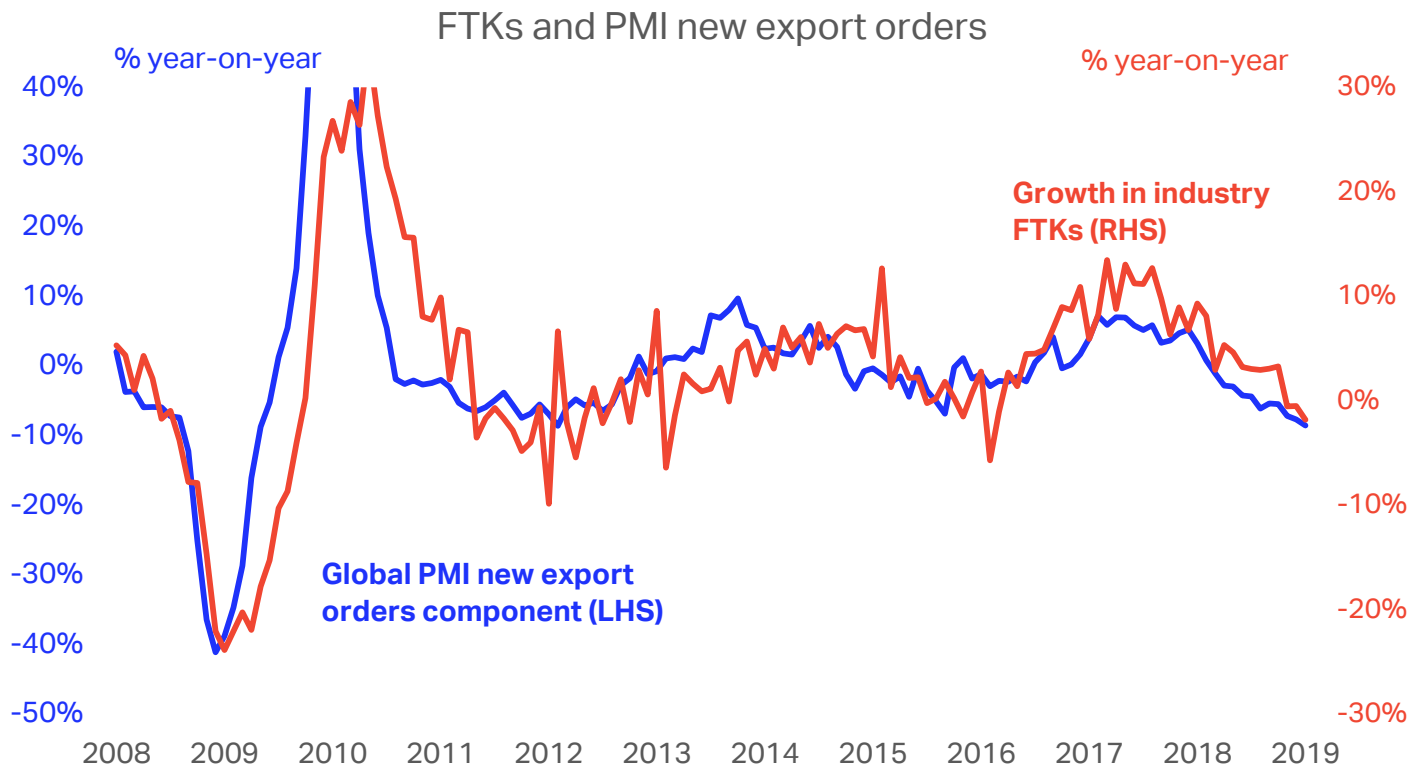




IATA Economics' Chart of the Week

8 March 2019

Air freight struggles against trade and economic headwinds



Source: IATA, Markit

- As we noted earlier this week ([link](#)), annual growth in air freight volumes, measured by freight tonne kilometres or FTKs, began the year on a soft note. FTKs are currently almost 2% lower than their level of a year ago; the weakest outcome in around three years. This latest result continues the cyclical downturn observed from around mid-2017. While the slowing in growth (and now outright fall) partly reflects the unwinding of the global inventory restocking cycle, outcomes are becoming increasingly driven by the twin fundamentals of global economic and trade activity.
- The relationship between FTK growth and the growth in new export orders (an indicator of international trade volumes) is a well-established one, depicted above. Export orders are a leading indicator for air freight and are yet to show any sign of improvement. Looking below the global aggregate there has been a widespread slowdown in new export orders across the world's key exporting nations, including Germany, Japan, China and Korea.
- The OECD in its latest *Interim Economic Outlook*, also released this week, notes that trade growth – 'a key artery in the global economy' – slowed markedly in 2018, with near-term prospects described as being weak. More broadly, the global economic expansion 'continues to lose momentum'; economic prospects are now weaker in nearly all G20 countries than was expected previously, with heightened policy uncertainty, persistent trade tensions and ongoing declines in business and consumer confidence all weighing on the outlook. Global GDP growth is forecast to ease further in 2019 and downside risks are likely to continue to build.
- All told, the near-term outlook for the air freight sector looks set to be challenging to say the least. Issues such as these are likely to be keenly discussed when the industry gathers in Singapore next week for IATA's annual [World Cargo Symposium](#).

Terms and Conditions for the use of this IATA Economics Report and its contents can be found here: 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.

IATA Economics
economics@iata.org