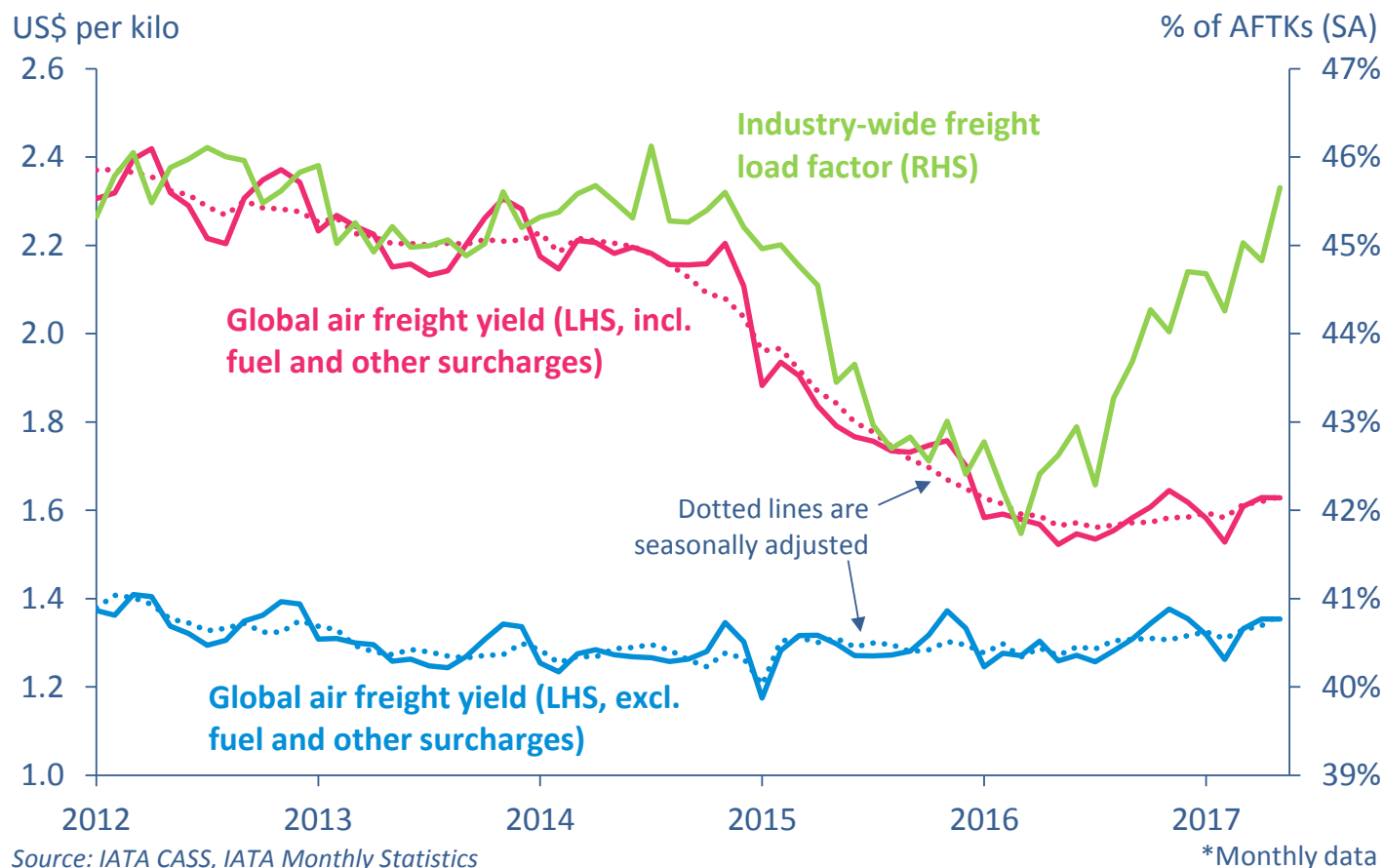




IATA ECONOMICS' CHART OF THE WEEK

30 JUNE 2017

AIR FREIGHT YIELDS ARE LIFTING OFF THE BOTTOM



- Having initially recovered strongly in 2010 in the immediate aftermath of the global financial crisis, air freight demand endured a difficult and fitful few years up until mid-2016, alongside wider weakness in world trade volumes. 2015 was a particularly difficult year, with air freight demand barely growing at all but capacity continuing to increase. All told, the freight load factor (the green line on the chart) fell by around four percentage points between late-2014 and early-2016.
- The trade backdrop and conditions for air freight demand have improved since mid-2016, however, and the load factor has recently recovered to its pre-2015 level. This turnaround in supply-demand conditions has helped to underpin a recovery in air freight yields: since bottoming out in mid-2016, yields including fuel and other surcharges have now risen by 4.5% in seasonally adjusted terms (the dotted pink line on this week's chart – the latest monthly data go up to May 2017). (Yields excluding fuel and other surcharges are currently around 7% higher in year-on-year terms.)
- With fuel costs currently around 10% lower than where they were a year ago, rising freight yields and recovering load factor should support cargo financial performance. Nonetheless, customers are still getting a good deal with air freight: adjusting for inflation, the cost of shipping a kilo by air is nearly 40% lower than its recent peak in mid-2011.
- For further analysis on recent trends and developments in air freight, read our latest quarterly Cargo Chartbook ([link](#)).

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