

Air cargo traffic stable at high levels, drivers remain supportive

- Industry-wide cargo tonne-kilometres (CTKs) increased by 8.7% in the three months to October 2021 versus the same period in 2019. This is a strong performance, but growth and seasonally adjusted volumes have been stable in the past few months.
- Manufacturing activity, new export orders and confidence have eased since Q2 due to issues on supply chains and inflation, but they remain broadly supportive for air cargo. Moreover, air cargo continues to outperform other modes of transport, as it is competitive both in terms of price and for its speed as businesses rush to meet demand during the key year-end period.
- Air cargo capacity continued to slowly improve in the three months to October 2021, but remains 9.5% below levels of the same period in 2019. Air cargo yields rose further in that period, meaning air cargo revenues continue to perform particularly well.

Market developments

- In the three months to October 2021, industry-wide cargo tonne-kilometres (CTKs) rose by 8.7% versus the same period in 2019. Even though CTKs remain far above pre-crisis levels, they have stopped trending upwards recently.
- All the main regions are up in year-on-year terms. But the picture is more nuanced when comparing with pre-crisis levels, as some key trade lanes such as Within Asia have not surpassed their pre-crisis peaks.
- Air cargo continues to overperform container shipping and global goods trade, as is typical during economic upturns, when businesses face a rapid increase in demand and the need to restock inventories.

Market drivers

- Demand-based drivers of air cargo, such as business and consumer confidence as well as new export orders, softened since Q2 2021 due to supply chain congestion, missing inputs and inflation. But the upshot is that they remain supportive, and in some cases improved again in November.
- Businesses still have not meaningfully restocked inventories, meaning the inventory to sales ratio remains low. Additionally, air cargo remains price competitive compared to container shipping, especially when taking its speed of delivery into account.

Capacity, costs and yields

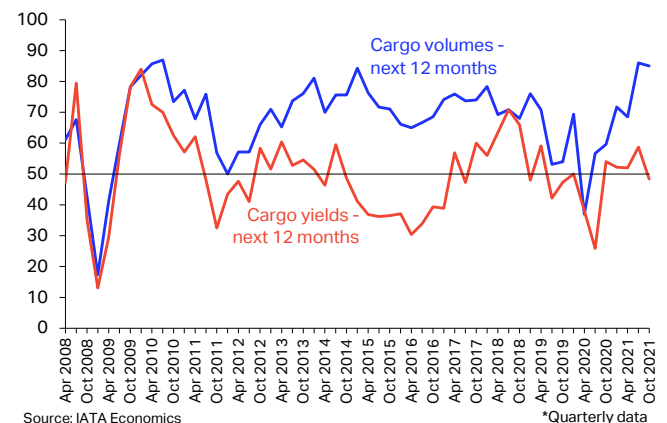
- Unlike CTKs, industry-wide available cargo tonne-kilometres (ACTKs) remain below 2019 levels, by 9.5% in the three months to October 2021. Capacity onboard international passenger flights is down 34.3% in the same period, and this more than offsets the gains in dedicated freighters capacity.
- The cargo load factor eased globally, but it remains tight on some important trade lanes, and higher than it was in 2019. Meanwhile, resilient demand and the rush to get goods to consumers before the year-end mean cargo rates are on a strong upward trend and have surpassed the May 2020 peak. Consequently, air cargo revenues continue to perform strongly.

Heads of cargo remain optimistic for next year

- The October 2021 [Business Confidence Survey](#) of airlines' heads of cargo shows 73% of them expect further increases in their cargo volumes in the twelve months ahead compared to an already strong Q3 2021.
- Although the weighted score for cargo yields came off a bit in the October survey, only a third of respondents anticipate yields to fall from record-high levels.

Chart 1 – IATA survey of heads of cargo

Weighted score (50 = no change)



Source: IATA Economics

*Quarterly data

Table 1 – Key data overview

Rolling 3 month periods (unless specified otherwise)	% ch vs same period in 2019	% quarter- on-quarter
Industry-wide CTKs¹	8.7%	0.0%
North America-Asia ¹	27.5%	0.1%
Asia-Europe ¹	3.2%	-1.3%
Europe-North America ¹	6.3%	-0.9%
Within Asia (int'l) ¹	-4.7%	1.3%
International Cargo Tonnes²	8.4%	0.4%
Metric tonnes flown in 3m ended Sept 2021:		11.2m
World trade volumes²	2.9%	-1.1%
Global container throughput¹	5.5%	0.2%
	<u>Level³</u>	<u>5-yr avg</u>
Global PMI new export orders	51.0	50.0

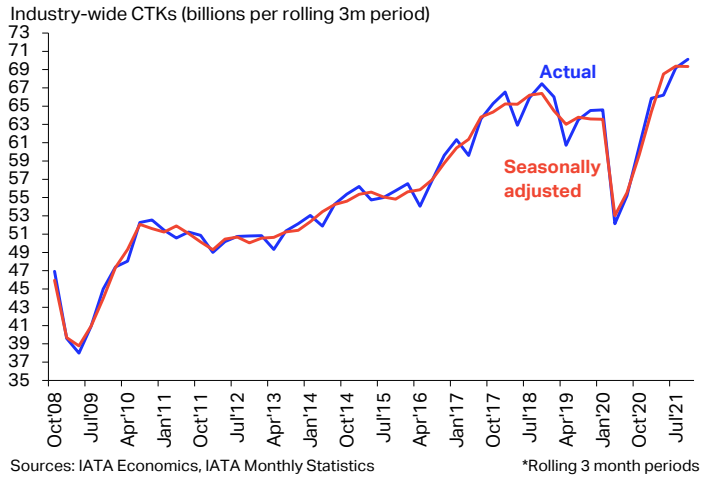
¹ 3m ended Oct 2021

² 3m ended Sept 2021

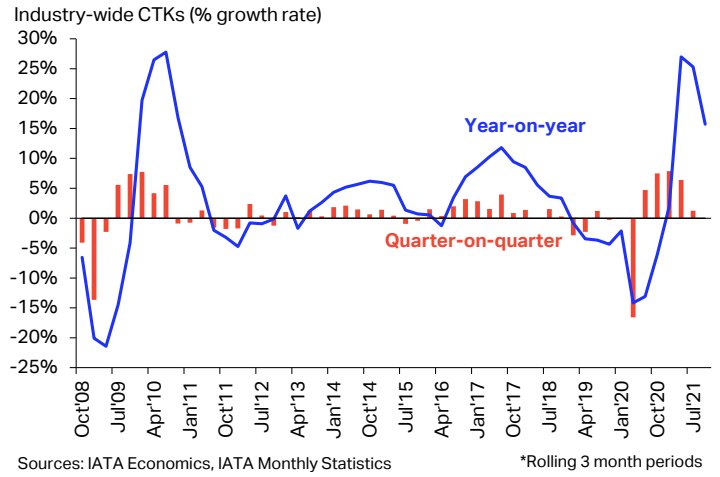
³ Average of 3m ended Nov 2021

Market developments

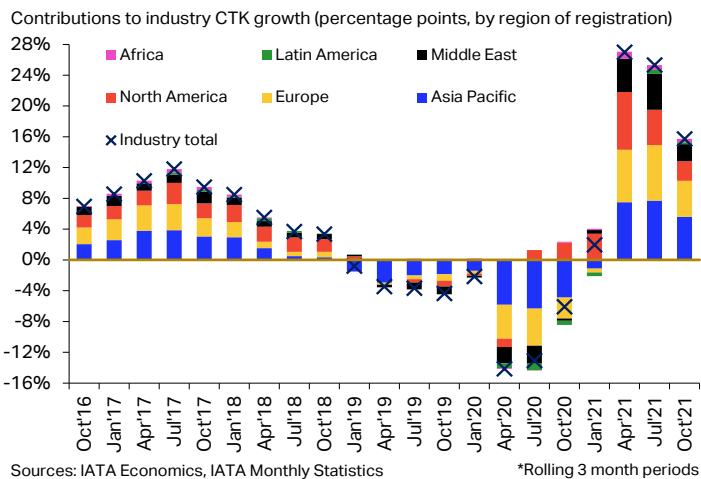
1. In the three months to October 2021, both SA and non-SA industry-wide CTKs were markedly higher than pre-crisis levels. That said, SA cargo volumes were unchanged from the previous quarter (0.0% growth) and the recent upward trend has stopped.



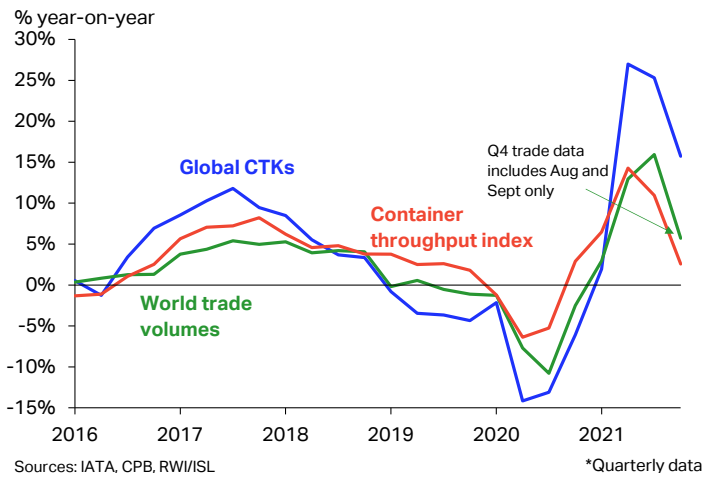
2. Year-on-year growth in actual CTKs dropped to 15.7% in the three months ended October 2021, although that is mostly due to the rebound in traffic in Q3 2020. Compared to the same period in 2019, growth was at 8.7%, similar to the previous quarter (8.9%).



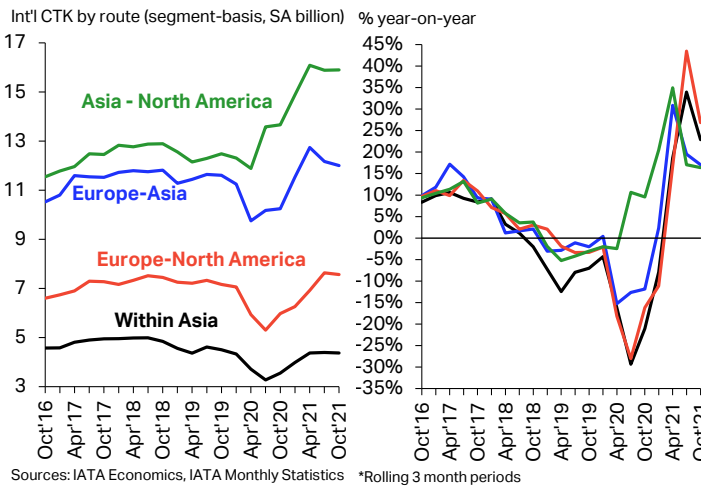
3. In year-on-year terms, all the main regions contributed to the growth in actual CTKs. It slowed to a similar degree in all the regions, but this is mostly a base effect due to the widespread and rapid rebound in demand in the second part of 2020.



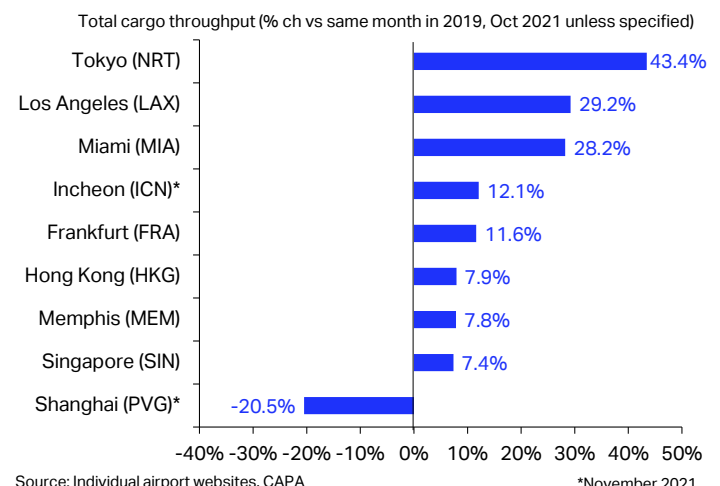
4. Air cargo has been overperforming global goods trade and container shipping since the start of 2021. This is typical at the start of an upturn, when there is a need to restock inventories and rapidly meet demand. This is expected to continue in 2022.



5. Volumes carried on the largest cargo trade lanes have now stabilized after the rebound from the initial stage of the pandemic. While Asia-Nth America is far above pre-crisis levels, some routes such as Within Asia have not surpassed their previous peaks.

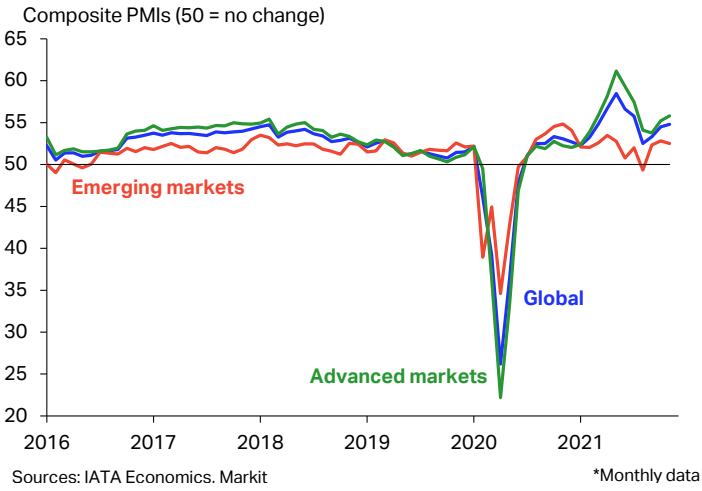


6. The strong air cargo performance is widespread across most of the main cargo hubs, as has been the case in recent months. The underperformance at PVG is due to measures to limit the spread of COVID-19, and insufficient capacity.

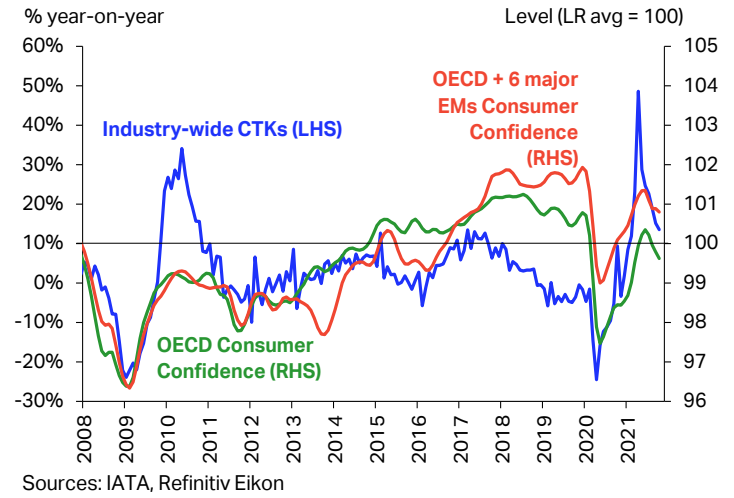


Market drivers

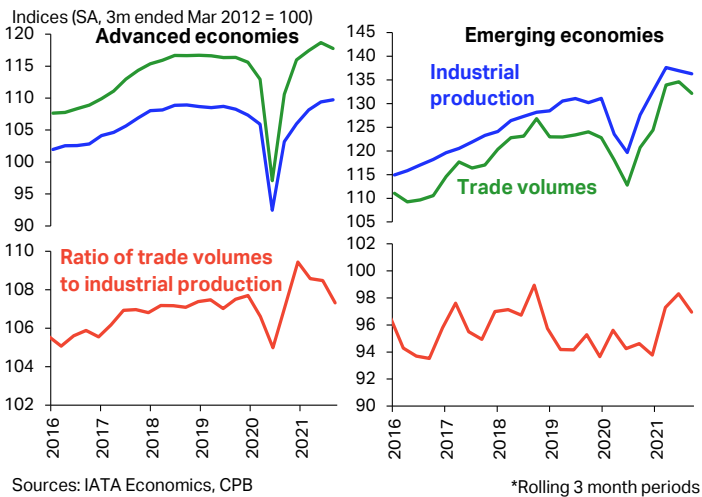
7. Supply chain congestion, inflation and ongoing COVID-19 outbreaks meant business confidence – proxied by composite PMIs – weakened after a peak in May. However, globally and in advanced markets, the PMI improved in October and November.



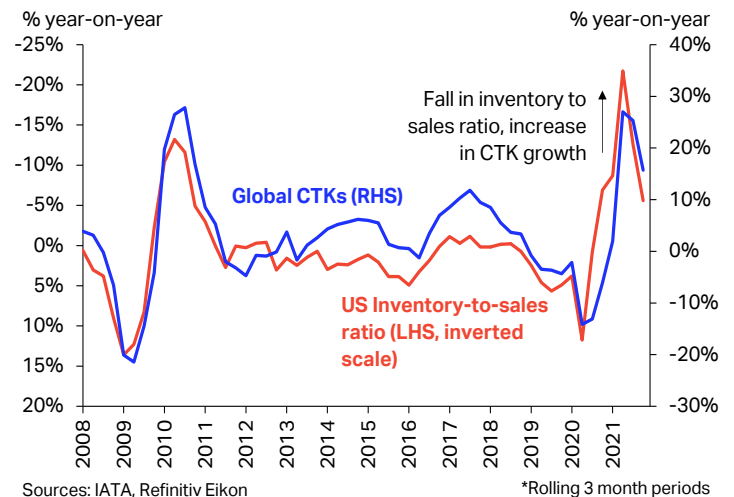
8. Consumer confidence has been trending downwards since Q2 2021, mostly due to renewed COVID-19 waves and higher inflation. This reduces the ability of consumers to buy goods, despite often elevated savings rates.



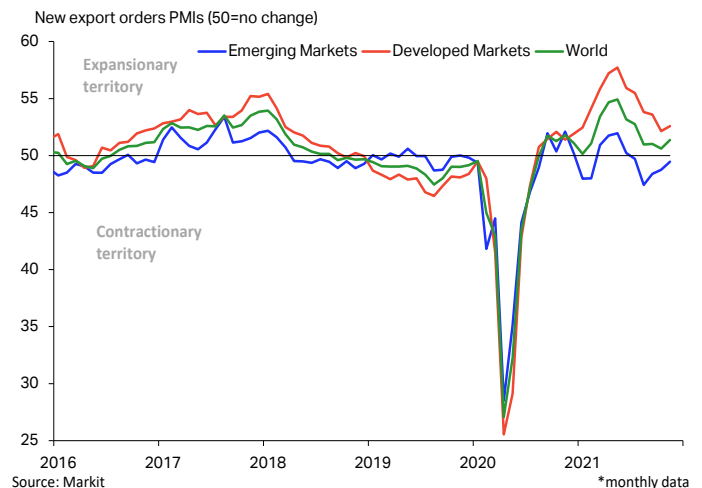
9. The slowdown in manufacturing activity caused by inflation and supply issues means trade and industrial production eased somewhat lately. However, they remain up 2.9% and 2.6%, respectively in Q3 2021 vs. Q3 2019, which is supportive of CTKs.



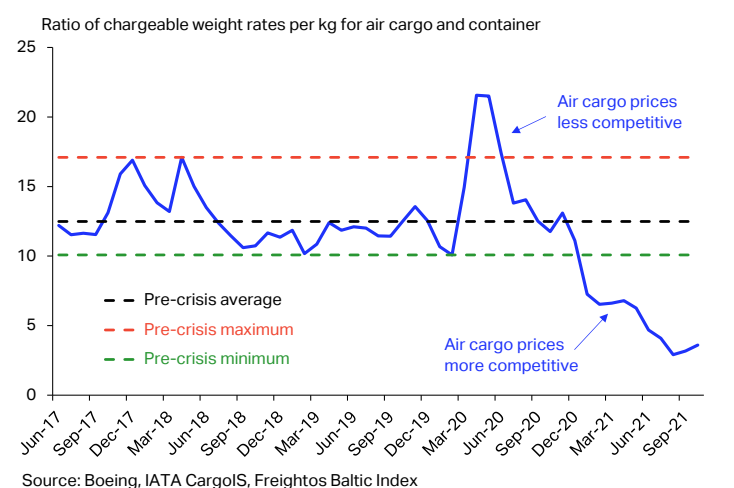
10. While the level of the inventory to sales ratio has not improved much recently, the year-on-year comparison started to fall, due to a lower base. The upshot is that sales of goods remain robust, and businesses benefit from the speed afforded by air freight.



11. After reaching a peak in May, new export orders PMIs declined for several months, mainly due to inflation and supply-side issues. Globally, new export orders continue to expand however, and there has been a tentative improvement in November.



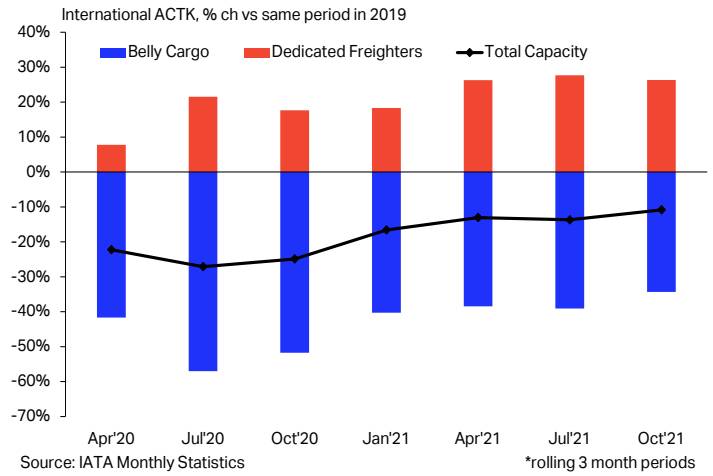
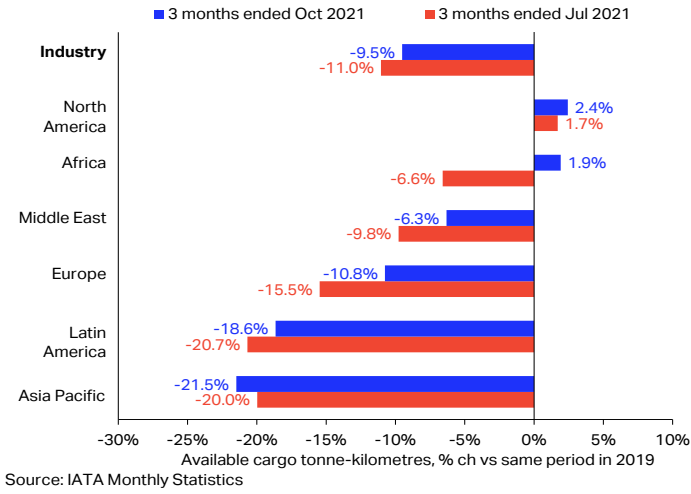
12. Air cargo rates have been elevated throughout 2021 and started rising again at the start of the peak air cargo season, due to insufficient capacity. But when compared to container shipping rates, air cargo remains more competitive than prior to the crisis.



Capacity, costs, and yields

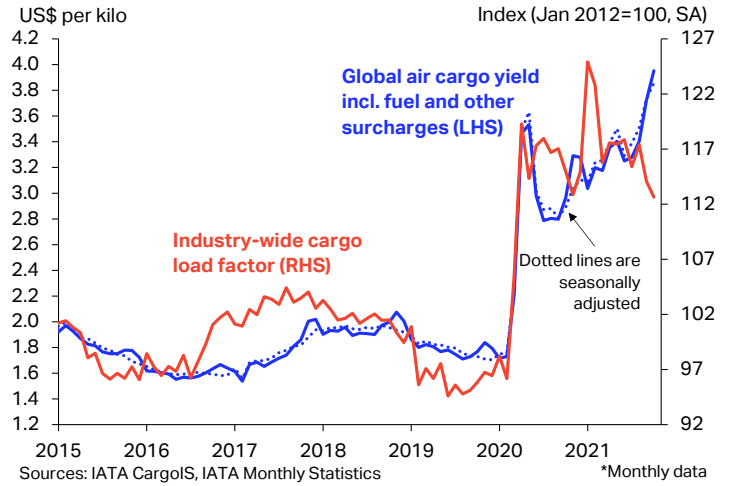
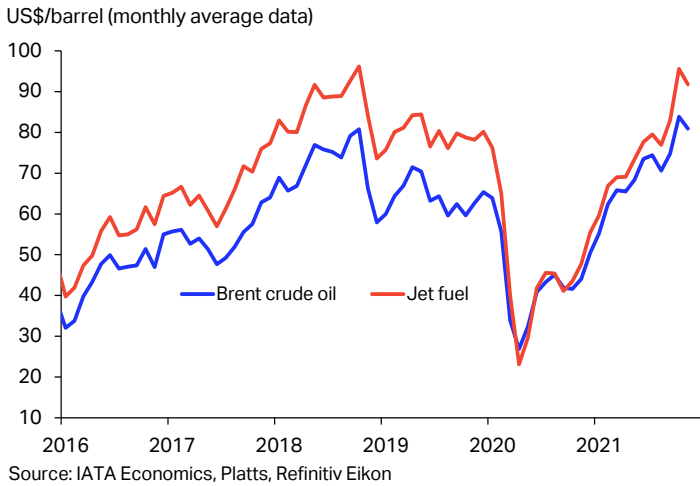
13. In contrast to global CTGs, industry-wide ACTGs have not yet recovered to pre-crisis levels. In the three months to October 2021, they were 9.5% below the same period in 2019. Asia was the only region that did not improve versus the three months before.

14. Dedicated freighters' ACTGs were 26.4% above 2019 levels in the three months to October 2021. This does not offset the lack of capacity onboard passenger aircraft (belly or freighters), even though the latter is slowly trending upwards (down 34.3%).



15. Crude oil and jet fuel prices continued to move upwards until October, as demand recovered and with limited supply. The crack spread has also become significant again. In November, prices fell due to higher supply and the spread of the Omicron variant.

16. The slow return of capacity in some regions means the global load factor dropped in Sept and Oct 2021. But with demand still resilient, and the urgency in getting goods to consumers during the peak cargo season, yields are on a steep upward trend.



Get the data

Access data related to this briefing through IATA's Monthly Statistics publication: 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

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.