

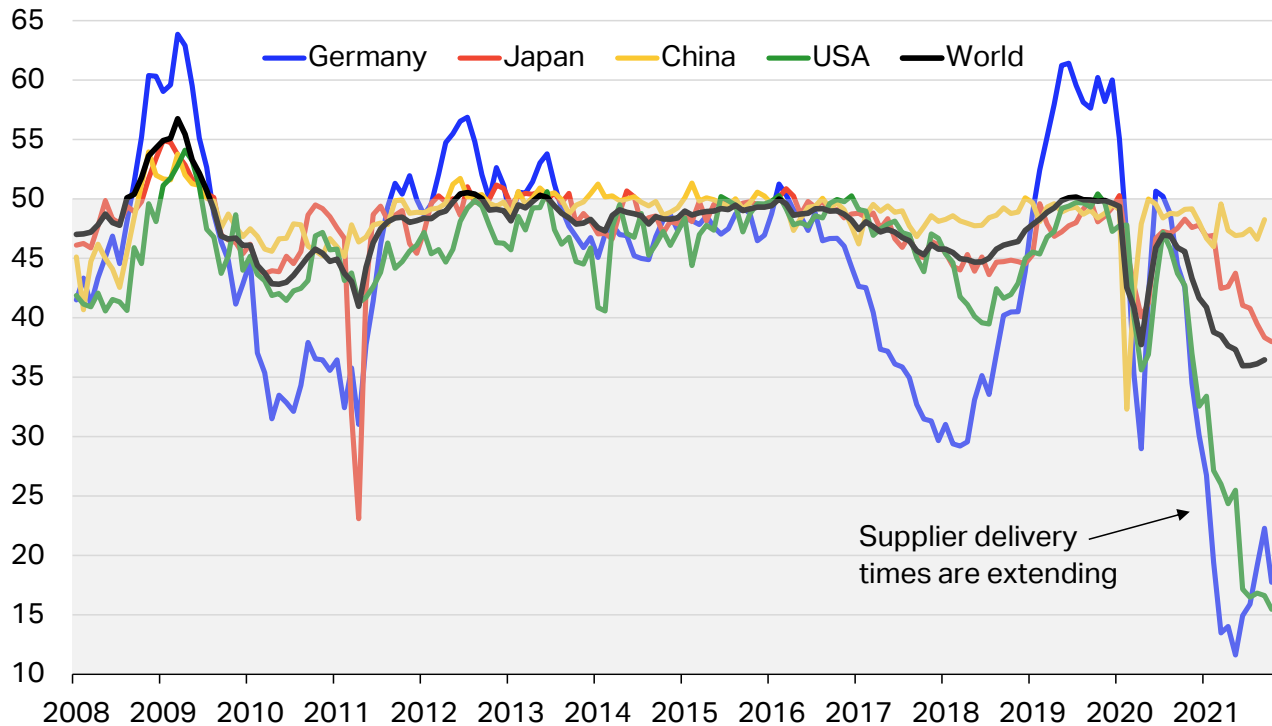


IATA Economics' Chart of the Week

29 October 2021

Long supplier delivery times could bring opportunities for air cargo

Supplier delivery times PMIs, 50=no change



Source: Markit

- One of the key topics in air cargo and the wider economy right now is supply chain congestion. Unprecedented joint fiscal and monetary support has been deployed during the pandemic. This led to strong demand for goods, and a significant increase in e-commerce sales due to the change in consumer buying habits. But supply chains operations have been impacted by COVID-related measures, labour shortages, insufficient production of key inputs such as semiconductors and the lack of capacity. The supplier delivery times PMIs illustrate those issues.
- It is survey-based, and a value below 50 indicates that businesses reported on average longer delivery times compared to the previous month. The PMI reached record low values in October in the US and in June globally, without much improvement since then, which indicates that an overwhelming majority of businesses report longer delivery times. The chart shows the situation is much worse for businesses in Europe and the US.
- In normal times, long delivery times are positive for air cargo, as it gives incentives to businesses to turn to air freight to rapidly get their goods to clients. However, the lack of air cargo capacity – down 12.2% in Jan-Aug 2021 versus the same period in 2019 – quarantined crews and disruptions at airports make the impact of long delivery times on air cargo volumes less clear than usual. Looking ahead however, strong demand associated with consumer events such as [Single's Day and Black Friday](#) are likely to encourage businesses to make use of the speed afforded by air cargo in order to meet deadlines. Supply chain disruptions are not expected to ease significantly during the first half of 2022, meaning that the gradual return of capacity on the belly of passenger aircraft may allow air cargo to benefit even more from long delivery times.

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