Cargo revenue contribution stabilizing

Share of airlines' total revenue

% total revenues

% total revenues


Cargo (right scale)
Ancillaries (right scale)
Base fare (left scale)

Source: IATA Statistics, IdeaWorks, own forecasts
Economic contribution increasing

Real air cargo yields and unique city-pair connections

Air cargo revenue/FTK in 2018 US$

Number of unique city-pairs

Unique city-pairs (left scale)

Inflation-adjusted air cargo yields (right scale)

Source: IATA Statistics, CargoIS, SRS Analyser, own forecasts
Doubling expected within next 20 years

20-year forecasts for freight tonne kilometres

Boeing: 3.7 to 4.7% CAGR
Airbus: ~3.8% CAGR

Sources: Airbus, Boeing
But a pause in globalization constrains the outlook

Index (2008 = 100)

Ratio of world trade to economic activity (left scale)

Foreign value added in exports i.e. production ‘on-shoring’ (right scale)

Source: Netherlands CPB, UNCTAD Eora database, Datastream
Brexit, if it happens, will weaken trade in long-term

Source: Oxford Economics, NIESR Brexit Impacts Report 26th November 2018
Tariff wars bigger issue but not a recession cause

Global GDP growth

No escalation
Escalation 25% tariffs
US-China trade war

Source: IMF, Citi ‘US-China Tariffs-Limbo on the Verge of Trade Wars’ 3 December 2018
But air cargo has outperformed sluggish world trade

Indices (SA, 3m ended Jan 2012 =100)

- Global FTKs
- World trade volumes
- Ratio of FTKs to world trade volumes
- Increasing FTK share

Source: IATA Statistics, Netherlands CPB
E-commerce is part of the story

Source: IATA Statistics, Datastream
And the recent business restocking cycle

Source: IATA Statistics, Datastream
This year market growth has been very diverse

International FTK growth by route (YTD, % year-on-year, up to Sep 2018)

Source: IATA Statistics
But are markets now signalling recession in 2019?

Source: Datastream, Markit
In fact, economic growth is expected to continue
And fuel prices look considerably lower in 2019

Source: Datastream, Platts
Air cargo industry leaders remains confident

Weighted Score (50 = No Change)

Source: IATA Statistics quarterly survey of heads of cargo
Revenues & FTKs slow, but grow further in 2019

Cargo revenue and tonne kilometers flown

Cargo tonne km flown (left scale)
Cargo revenue (right scale)

Source: IATA Statistics, own forecasts
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