The outlook for air cargo markets

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Which path will air cargo follow?

% year-on-year

Industry-wide FTK growth

Source: IATA Economics using data from IATA Statistics and own forecasts
FTKs have not grown for more than 12 months

Source: IATA Economics using data from IATA Statistics
Recent weakness is widespread

Growth in FTKs by market segment

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<tr>
<th>ME - Asia</th>
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<td>25.0%</td>
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</tbody>
</table>

Source: IATA Economics using data from IATA Statistics
Export orders point to further decline in near term

Export orders and FTK growth

Source: IATA Economics using data from Thompson Reuters Datastream, IATA Statistics
Weakness only partly due to restocking cycle

Source: IATA Economics using data from Thompson Reuters Datastream, IATA Statistics
The problem is with overall world trade

Global GDP and world trade growth

Source: IATA Economics using data from Oxford Economics and the Netherlands CPB
Late last year US & Asia added to EU trade weakness

Export and import volumes growth

% change year-on-year

Source: IATA Economics using data from Thompson Reuters Datastream
Trade wars add uncertainty to the outlook

Global GDP growth

Source: IATA Economics using data from IMF, Citi ‘US-China Tariffs-Limbo on the Verge of Trade Wars’ 3 December 2018
As does Brexit!

Source: IATA Economics using data from Oxford Economics, NIESR Brexit Impacts Report 26th November 2018
Overall GDP growth is down but is still good

Source: IATA Economics using data from Oxford Economics and Thompson Reuters Datastream
Growth in key economies looks reasonable

Source: IATA Economics using data from Oxford Economics
Government fiscal policy remains expansionary

Source: IATA Economics using data from IMF World Economic Outlook Database, October 2018
Central banks maintaining extraordinary support

Central bank assets

US$ and Euro, trillion

US Federal Reserve Bank

European Central Bank

US$ 6 trillion of bonds, assets purchased by Fed and ECB

Source: IATA Economics using data from Thompson Reuters Datastream
Real borrowing costs still in post-GFC range

Source: IATA Economics using data from Thompson Reuters Datastream
Slower but continued GDP growth expected

Source: IATA Economics using data from Markit, IMF World Economic Outlook January 2019
After weaker 2019 modest rise in trade forecast

Sources: IATA Economics using data from the IMF World Economic Outlook, January 2019
Reasons for optimism on share of world trade

Ratio of FTKs to world trade volume

Sources: IATA Economics using data from the IMF World Economic Outlook Database, IATA Statistics
Weak 2019 outlook but improving trend

Source: IATA Economics 5-year Air Freight Forecast, March 2019
Thank you

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