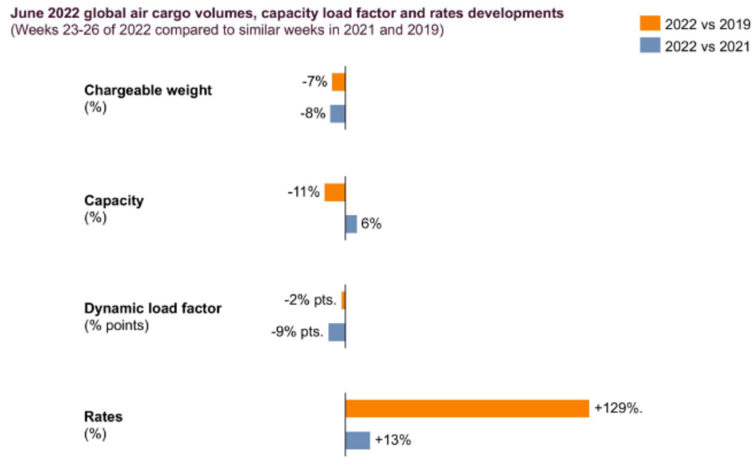
AIR MARKET UPDATE

July 2022

CURRENT STATE

- Air cargo demand declined compared with a year ago for the fourth month in a row. Figures show an 8% year-on-year decline in chargeable weight in June, following on from drops in March, April and May. The dynamic cargo load factor for the month was nine percentage points behind last year at 59%. The load factor decline comes as demand fell and carriers continue to add capacity – up 6% on last year – to cater for returning passenger demand. Despite the weakening supply and demand conditions, rates for the year were up 13% compared with the same month last year, although there was a decline compared to May.
- China has eased the lockdowns imposed in response to the Omicron wave and although disruptions to supply still exist, the situation has improved. However, the war in Ukraine still impairs capacity used to serve Europe, as several airlines based in Ukraine and Russia were crucial carriers in the region.
- International revenue passenger kilometers continued to drive the global industry's recovery. Several major international route areas overperformed 2019 levels while many others likely reached pre-pandemic.

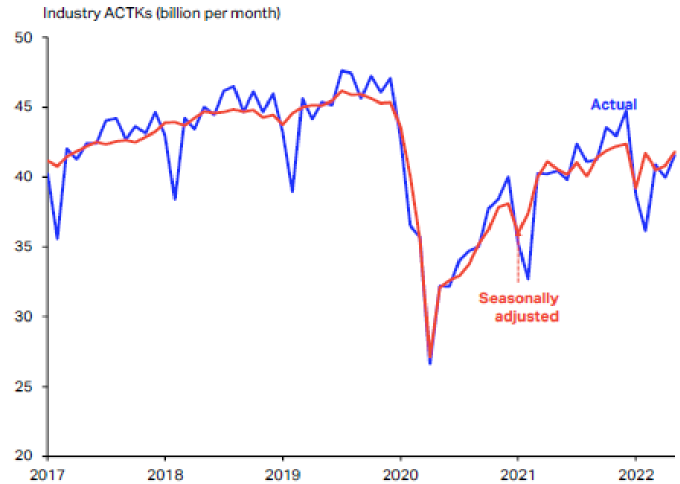


Source: CLIVE Data Services, now part of Xeneta

- Several airlines like Lufthansa, Singapore Airlines and Emirates putting their A380 aircrafts back into the rotations which proves the upswing in passenger revenues and also leads to easing situation in the air cargo market.

MARKET FORECAST

- Globally, available cargo tonne-kilometers (ACTKs) were up 2.7% YoY, more than offsetting the 0.7% YoY drop in previous months. Importantly too, seasonally adjusted air cargo capacity expanded by 2.4% MoM (Chart). All regions experienced an increase in ACTKs compared with previous month, with Asia Pacific leading the charge with a hefty 7% gain MoM.
- International cargo tonne-kilometers (CTKs) of airlines registered in North America were down 7.0% compared with a year ago. Seasonally adjusted volumes contracted by 0.9% MoM. This could be an early sign of inflation pressures impacting demand, and the next months will be telling in this regard. The Asia-North America market is weighing on the performance we are seeing for this region overall, but other key routes, such as Europe – North America, are bucking this trend and showing that cargo demand is still strong concerning certain routes. Several carriers in the region will receive delivery of freighters in 2022, and it will be important to see how demand holds up in the face of economic headwinds.
- Load factors have been increasing, particularly in the Middle East region, where it is currently at 76%. This represents quite a substantial recovery from the approximately 40% passenger load factor seen in the summer of 2020.



Sources: IATA Economics, IATA Monthly Statistics

- Europe's aviation industry struggles to overcome crippling staff shortages and labor strife, forcing airlines to cancel hundreds of flights ahead of the peak summer period out of major European Hubs.
- The Brent crude oil price decreased slightly. The gap between jet fuel and crude oil prices remains significant and producer price inflation (PPI) continues to put pressure on the global economy at 16.5% YoY.

🔴 **RED**
Demand exceeded capacity available. Rates increased.

🟡 **YELLOW**
Demand higher and or capacity is limited. Rates increasing.

🟢 **GREEN**
Both demand & capacity are at normal levels.

DEMAND & CAPACITY

DEMAND

ORIGINS

WEEK#	N. AMERICA	LATAM	EMEA	INDIA	N. ASIA	S. ASIA
N. AMERICA	🟢	🟢	🟢	🟡	🟡	🟡
LATAM	🟡	🟡	🟡	🟡	🔴	🔴
EMEA	🟡	🔴	🟢	🟡	🔴	🟡
INDIA	🔴	🔴	🔴	🔴	🔴	🔴
N. ASIA	🔴	🔴	🔴	🔴	🟡	🔴
S. ASIA	🟢	🟢	🟢	🟡	🟢	🟡

IMPACTED EXPORT MARKETS

ORIGIN REGION	DESTINATION REGION	STATUS	SPECIFICS
NORTH AMERICA	INDIA	🟡	Airlines are opening new PAX flight options and providing lower rate to EMEA market. Major issues with space for BOM, much easier for space to DEL. Rates are more under control. So far our bookings are honored with limited delays.
	SOUTH ASIA/LATAM	🟡	US market to LATAM and S ASIA are softening a bit, no issue with obtain spot rate.
LATAM	AMERICAS & LATAM	🔴	ASIA still shows heavy backlogs and delays, rates have in some cases tripled over the past year and no sign of dropping.. Booking details need to be requested in advance.
EMEA	LATAM	🔴	LATAM shows almost no capacity, rates are extremely high compared to Q1/2022
	AMERICAS	🟡	AMERICAS market is easing up as more belly capacities coming into the market
INDIA	ALL	🔴	Space is critical - we are getting delayed bookings from airlines. Airlines also request advance bookings to get space confirmed.
N. ASIA	ALL	🔴	Demand is still exceeding capacities into almost all regions – no easing up expected in near future
S. ASIA	AMERICAS & EUROPE	🟢	Demand was not very strong during Q2 end, but airlines expect more demand in July and Aug 2022.

IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
S. ASIA	🟡	Some airlines banned moving DG to Guangzhou airport. It caused origin has limited carrier option.
LATAM	🔴	Airports/Ports are under backlogs so this have been affecting all shipments , as consequence unfortunately are occurring a lot of extra charges (storage/detentions) Carriers are delaying to respond , rates increasing and difficulties to get space
EMEA	🔴	Backlogs at CDG, FRA, LHR, AMS and MXP due to continuous staff shortages and labor strikes