

# AIR MARKET UPDATE

January 2023

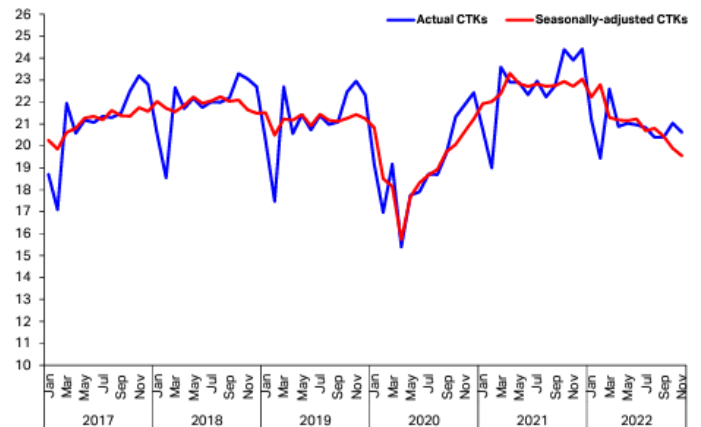


## CURRENT STATE

- Global air cargo tonne-kilometers (CTKs) dropped by 13.7% year-on-year (YoY) in November. This is also 10.1% lower than the CTKs for the same month in 2019. The industry performed less well than expected in a traditional peak season due to multiple headwinds in the current global economy. **(right chart).**
- Available cargo tonne-kilometers (ACTKs) contracted by 1.9% YoY in November – a second YoY decrease in a row since April 2022. This is mainly a result of airlines responding to supply imbalances from the softening demand.
- Latin America resumed its strong performance in international CTKs, registering a 7.0% YoY growth in November compared with only 0.3% YoY growth in October. Asia Pacific (APAC) region saw the greatest YoY decline among the regions in international CTK, driven by China’s rising Covid cases and shrinking export orders.

Source: IATA

Industry CTKs (billions per month)



Sources: IATA Economics, IATA Monthly Statistics

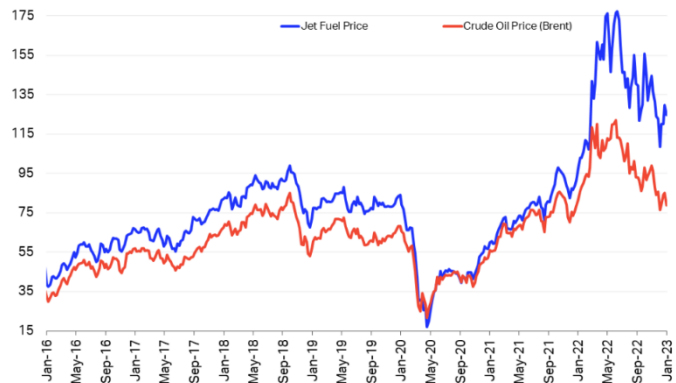
Inflation in the G7 countries pulled back to 7.4% in November from 7.8% in October - the greatest decline so far in 2022. Oil prices also decreased in November despite the still unusually wide jet crack spread.

## MARKET FORECAST

- IATA Jet Fuel Price Monitor shows the jet fuel price for the week ending January 8<sup>th</sup> was up 41.00% compared with a year ago at \$124.8/bbl. The impact of jet fuel price developments on 2022’s industry total fuel bill is \$124.8 billion.
- The largest increases vs. previous month were seen in North America, at -27.3%, followed by Latin & Central America at -10.6%. No region saw decreases vs. previous month.

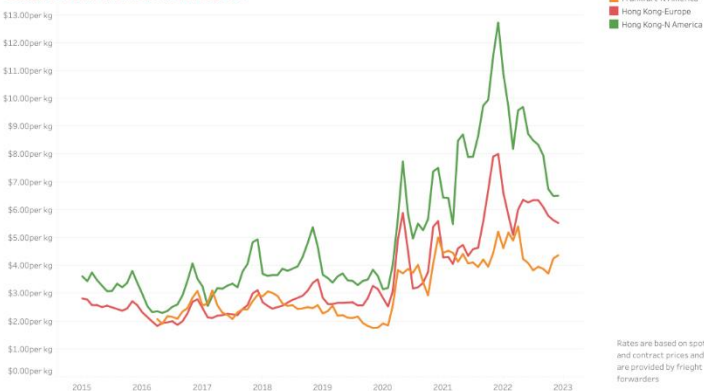
Source: IATA

Jet Fuel & Crude Oil Price (\$/barrel)



Source: S&P Global, Refinitiv Eikon

Baltic Exchange Air Freight Index (BAI) powered by TAC Data Copyright: Baltic Exchange. Chart created by Air Cargo News



Rates are based on spot and contract prices and are provided by freight forwarders

- The latest statistics from the Baltic Exchange Airfreight Index (BAI) show that average rates – both contract and spot – paid by forwarders on services from Hong Kong to North America in December stood at \$6.50 – flat compared with November and down 48.9% on a year ago.
- Rates on the trade have been falling since around May last year as passenger operations have continued to recover after the pandemic and demand has eased off due to weakening economic conditions, but still remain above pre-Covid levels.
- On services from Hong Kong to Europe the average rates in December stood at \$5.52 per kg – slightly down on a month earlier and 31% down year on year. Average prices from Frankfurt to North America increased by 11 cents on November to \$4.36 per kg, but are down 16.3% year on year.

**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		
		AMERICAS	LATAM	EMEA	INDIA	N. ASIA	S. ASIA
ORIGINS	AMERICAS	●	●	●	●	●	●
	LATAM	●	●	●	●	●	●
	EMEA	●	●	●	●	●	●
	INDIA	●	●	●	●	●	●
	E. ASIA	●	●	●	●	●	●
	S. ASIA	●	●	●	●	●	●

### IMPACTED EXPORT MARKETS

ORIGIN REGION	DESTINATION REGION	STATUS	SPECIFICS
AMERICAS	EMEA	●	Slow start into 2023 – capacities into major hubs like LHR, FRA, AMS or MXP are available, rates trending to drop
	SOUTHEAST ASIA	●	The available capacity is outscoring the demand – dropping rates even if we consider Chinese New Year coming up
	LATAM	●	Capacity is opening and more carriers continue to look for more cargo.
LATAM	ALL REGIONS	●	Bookings still need to be requested in advance - specially to USA from Brazil. Rates still fluctuating but seems more stabilized than previous months. Freighters are more difficult to get space due to shortage of freighter capacities.
EMEA	ASIA	●	Stable rates and available capacities into Greater China, still tighter capacities into Australia as well as Taiwan and Korea. Peak before Chinese New Year is much lighter then usually expected
	AMERICAS	●	Available capacity is outscoring the demand – therefore we are seeing dropping rates in January which are expected to increase again starting February 2023.
INDIA	AMERICAS & EMEA	●	Currently rates are decreasing to EMEA and AMERICAS, with space available.
N. ASIA	AMERICAS & EMEA	●	The capacity is gradually increasing ex CN to EU & USA (end of COVID restriction). Rates are decreasing ex HKG to EMEA and AMERICAS. The capacity is tight during CNY (from 21 to 27JAN23)
S. ASIA	AMERICAS & EMEA	●	The overall export markets in Southeast Asia continue to be soft with capacity available to AMERICAS and EMEA. The pricing is decreasing, should be close to 2019 after CNY.

### IMPACTED IMPORT MARKETS

DESTINATION REGION	STATUS	SPECIFICS
AMERICAS	●	No major updates
EMEA	●	No major updates