

Air freight makes weak start to 2019

The International Air Transport Association (IATA) released data for global air freight markets showing that demand, measured in freight tonne kilometers (FTKs), decreased 1.8% in January 2019, compared to the same period in 2018. This was the worst performance in the last three years.

Freight capacity, measured in available freight tonne kilometers (AFTKs), rose by 4.0% year-on-year in January 2019. This was the eleventh month in a row that capacity growth outstripped demand growth.



Source: pixabay.com

Demand for air cargo continues to face significant headwinds. Global economic activity and consumer confidence have weakened. And the Purchasing Managers Index (PMI) for manufacturing and export orders has indicated falling global export orders since September 2018. "Air cargo markets contracted in January. This is a worsening of a weakening trend that started in mid-2018. Unless protectionist measures and trade tensions diminish there is little prospect of a quick rebound," said Alexandre de Juniac, IATA's Director General and CEO.

January 2019 (% year-on-year)	World share ¹	FTK	AFTK	FLF (%-pt) ²	FLF (level) ³
Total Market	100.00%	-1.80%	4.00%	-2.70%	45.10%
Africa	1.70%	1.00%	8.20%	-2.50%	35.40%
Asia Pacific	35.50%	-3.60%	4.10%	-4.00%	50.10%
Europe	23.30%	-3.10%	2.80%	-3.10%	50.10%
Latin America	2.60%	0.00%	-0.70%	0.20%	29.90%
Middle East	13.30%	-4.50%	4.10%	-3.80%	42.10%
North America	23.60%	3.30%	5.00%	-0.70%	40.00%

¹% of industry FTKs in 2018²Year-on-year change in load factor³Load factor level

Regional Performance

Only two of six regions reported year-on-year demand growth in January 2019 – North America and Africa. Asia-Pacific,

Europe and the Middle East all contracted, while Latin America was flat.

Asia-Pacific airlines saw demand for air freight shrink by 3.6% in January 2019, compared to the same period in 2018. Weaker manufacturing conditions for exporters in the region, ongoing trade tensions and a slowing of the Chinese economy impacted the market. Capacity increased by 4.1%.

North American airlines posted the fastest growth of any region for the eighth consecutive month in January 2019, with an increase in demand of 3.3% compared to the same period a year earlier. Capacity increased by 5.0%. The strength of the US economy and consumer spending have helped support the demand for air cargo over the past year, benefiting US carriers.

European airlines experienced a contraction in freight demand of 3.1% in January 2019 compared to a year ago. Capacity increased by 2.8% year-on-year. Weaker manufacturing conditions for exporters, and shorter supplier delivery times particularly in Germany, one of Europe's key export markets, impacted demand. Trade tensions and uncertainty over Brexit also contributed to a weakening in demand.

Middle Eastern airlines' freight volumes contracted 4.5% in January 2019 compared to the year-ago period. Capacity increased by 4.1%. Seasonally-adjusted international air cargo demand, which trended upwards for the past three months helped by stronger trade to/from Europe and Asia, has started to decline.

Latin American airlines' freight demand was flat (0.0%) in January 2019 versus last year. Despite the economic uncertainty in the region, a number of key markets are performing strongly. Freight traffic within South America and between Central and South America grew at a double-digit rate in January. And demand on routes between North and South America also performed well. Capacity decreased by 0.7%.

African carriers saw freight demand increase by 1.0% in January 2019, compared to the same month in 2018. Capacity grew 8.2% year-on-year. Seasonally-adjusted air cargo demand has now trended upwards for six months. And while seasonally-adjusted international freight volumes are lower than their peak in mid-2017, they are still 35% higher than their most recent trough in late-2015.

- *IATA (International Air Transport Association) represents some 290 airlines comprising 82% of global air traffic.*
- *Explanation of measurement terms:*
- *FTK: freight tonne kilometers measures actual freight traffic*
- *AFTK: available freight tonne kilometers measures available total freight capacity*
- *FLF: freight load factor is % of AFTKs used*
- *IATA statistics cover international and domestic scheduled air freight for IATA member and non-member airlines.*
- *Total freight traffic market shares by region of carriers in terms of FTK are: Asia-Pacific 35.5%, Europe 23.3%, North America 23.6%, Middle East 13.3%, Latin America 2.6%, and Africa 1.7%.*

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