



Air Cargo Market Analysis

May 2024

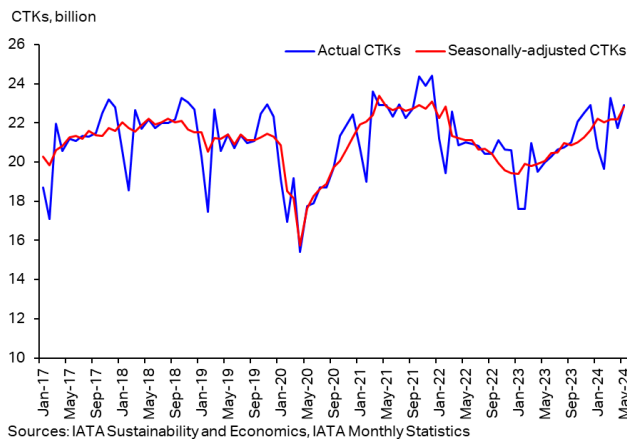
Air cargo demand continues to rise in May

- Industry-wide Cargo Tonne-Kilometers (CTKs) saw a 14.7% expansion year-on-year (YoY) in May. CTKs grew by 3.1% compared to the month before, after seasonal adjustment.
- International traffic rose by 15.5% compared to May 2023, helped by all regions and major trade lanes. Carriers from Africa and Asia Pacific recorded the highest annual growth, and demand on the Africa-Asia trade path expanded by an outstanding 40.6% YoY.
- Available Cargo Tonne-Kilometers (ACTKs) experienced a 6.7% annual increase industry-wide. This allowed the industry to set a record in global monthly capacity levels.
- The month of May delivered small improvements in global production and trade figures, which continued optimism for new export orders and manufacturing output among purchasing managers.

May brought the sixth month in a row of global double-digit demand growth

The airline industry experienced a 14.7% demand increase YoY in May and +5.3% Month-on-Month (MoM) (**Chart 1**), marking the sixth consecutive month of double-digit annual growth. Similar to the month before, the largest contributors to this strong annual rise in May were carriers from Asia Pacific and Europe, which together contributed roughly two-thirds to the increase. These airlines represent, respectively, the largest and third largest region by traffic volume. In seasonally adjusted (SA) terms, the industry grew 3.1% MoM.

Chart 1 – Global CTKs (billion per month)



In cumulative year-to-date (YTD) terms, air cargo demand settled 13.2% above 2023 levels in May and 3.1% above 2022. This indicates a continuation of

Air cargo market in detail - May 2024

	World share ¹	May 2024 (% year-on-year)				May 2024 (% year-to-date)			
		CTK	ACTK	CLF (%-pt)	CLF (level)	CTK	ACTK	CLF (%-pt)	CLF (level)
TOTAL MARKET	100.0%	14.7%	6.7%	3.1%	44.6%	13.2%	9.4%	1.5%	45.4%
International	86.6%	15.5%	10.2%	2.3%	50.3%	14.0%	12.6%	0.3%	51.1%

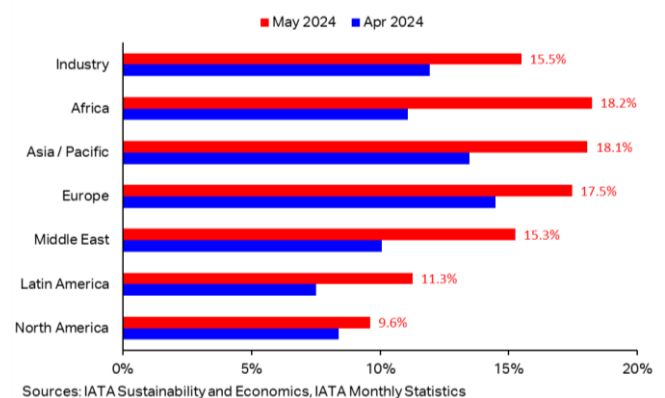
Note 1: % of industry CTKs in 2023

the high traffic levels that the industry has been experiencing over the first half of 2024.

Strong growth in international air cargo demand across all world regions and major route areas in May, led by carriers from Africa and Asia Pacific

The upward trend in industry CTKs was driven by traffic on international routes, which grew by 15.5% YoY in May, likely supported by booming e-commerce and capacity constraints in global maritime shipping. Importantly, carriers from all regions experienced expansions in international traffic compared to May 2023, with remarkable growth figures ranging from 10% to 18% (**Chart 2**). Moreover, all regions exhibited higher annual growth figures than the month before.

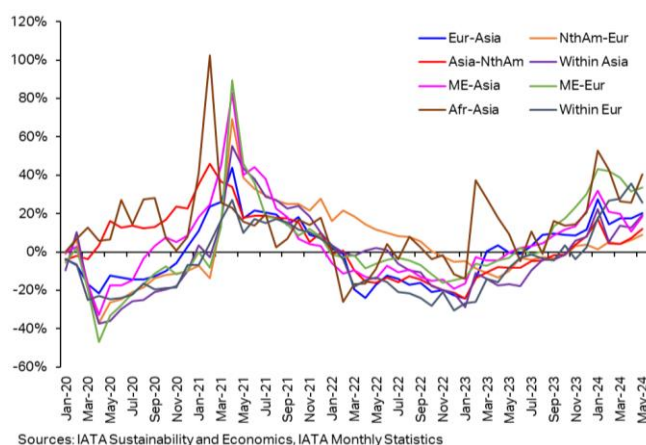
Chart 2 – Growth in international CTKs (YoY) by airline region of registration



Airlines registered in [Africa](#) and [Asia Pacific](#) led with the highest annual growth rates in international CTks, with 18.2% and 18.1%, respectively. For African carriers, the figure increased by 7.2 percentage points (ppts) compared to April, the highest increase among all carriers. The two front runners were closely followed by the carriers in [Europe](#) (17.5% YoY), [Middle East](#) (15.3%), and [Latin America](#) (11.3%). As has been the case for the three months before, [North American](#) carriers exhibited the lowest annual increase with a (very solid) 9.6% YoY.

The annual expansion in international CTks was mirrored across all major route areas as well, although with differences in magnitude. [Africa-Asia](#) and [Middle East-Europe](#) championed annual evolutions in May with outstanding figures of 40.6% and 33.8%, respectively (**Chart 3**). For Africa-Asia, this represents a jump of 14.8 ppts relative to April's rate. For both route areas, the May reading reflects the continuation of a streak of double-digit annual growth that originated in September 2023. The [Within Europe](#) trade lane followed with an impressive annual surge of 25.6%. This region experienced the fifth month in a row of double-digit annual growth, despite a notable drop of 10.2 ppts compared to the April figure.

Chart 3 – International CTk growth (YoY) by route area

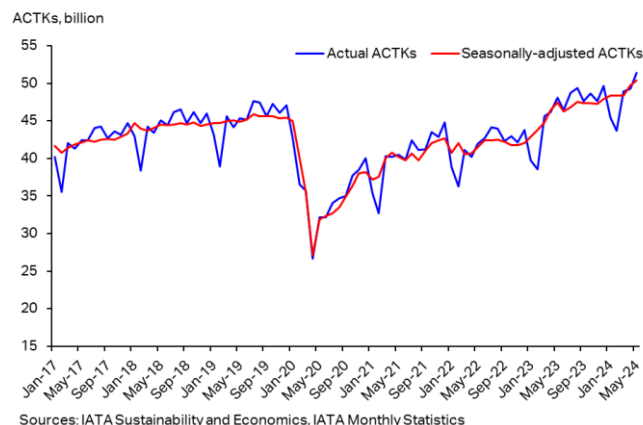


[Europe-Asia](#), the second largest market by volume, [Within Asia](#), and [Middle East-Asia](#), also registered remarkable annual growth rates with 20.4%, 19.2%, and 18.6%, in that order. All three markets experienced three or more consecutive months with double-digit annual increases. Meanwhile, [Asia-North America](#) recorded an annual increase of 12.0% and [North America-Europe](#) registered 8.9% YoY. While these rates represent modest increases in comparison, for the North America-Europe trade lane this latest reading reflects the largest increase in demand since mid-2022. For Asia-North America, the largest trade lane by volume, the question remains what will happen following the US crackdown on e-commerce deliveries out of PR China. Rising costs and increasing transit times of

shipments valued less than USD 800 could dampen US consumers' appetite for e-commerce, which could have an impact on the whole air cargo sector.

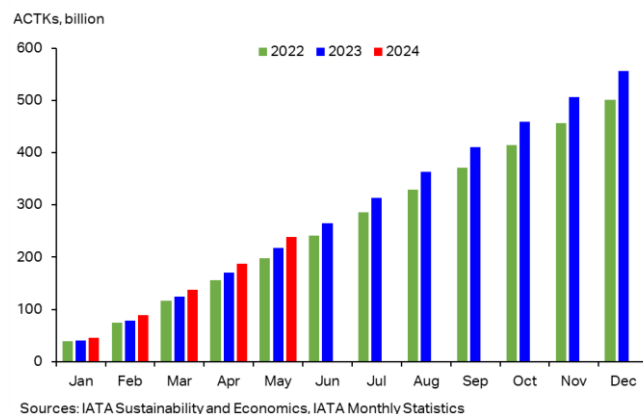
[The air cargo industry experienced record capacity levels in May, despite a slowing annual growth](#)

Chart 4 – Global ACTks (billion per month)



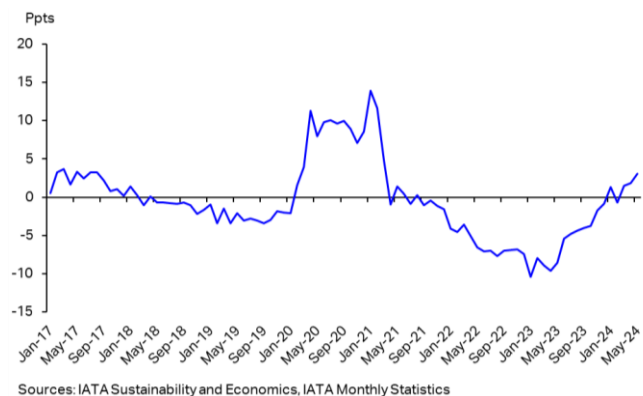
In May, industry-wide air cargo capacity grew by 4.1% compared to April and 6.7% relative to May 2023 (**Chart 4**). This allowed the industry to set a record in global monthly capacity levels. The even higher 9.4% annual ACTK growth in YTD terms confirms that the capacity expansion relative to the previous year is a phenomenon of the full five months that passed since the turn of the year, although the growth rate slowly decreases every month (**Chart 5**).

Chart 5 – Year-to-date monthly ACTks (billion)



Following air freight traffic and capacity levels allows the derivation of the cargo load factor (CLF), a key indicator illustrating the balance between demand and supply within the industry. In May, the industry recorded an average CLF of 44.6%. This ratio is 0.5 ppts higher than in the previous month and stands for a 3.1 ppts increase compared to May 2023. After more than two years of contracting industry CLF (YoY), to date, the year 2024 has seen four out of five months with annual improvements (**Chart 6**). Rising load factors drive both revenue and profitability at a given capacity.

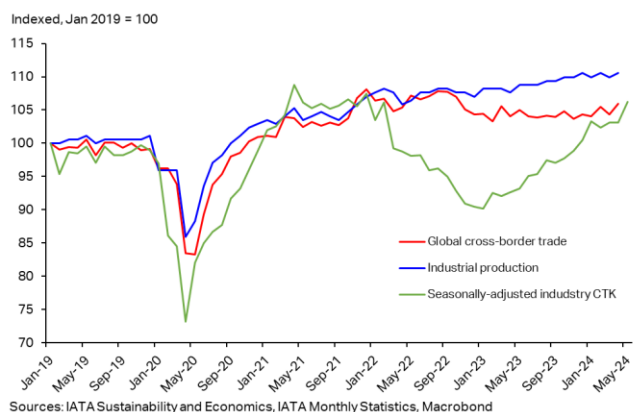
Chart 6 – Cargo load factor, annual percentage point change



Small improvements in production and trade figures

The latest figure for industrial production, a measure of the output generated by industrial sectors such as mining, manufacturing, and utilities, recorded a small 0.5% rise over the previous month. Compared to 2023, the indicator pointed at expansion with an annual growth rate of 2.7%, thus marking the continuation of the moderate upward trend seen over the past years (Chart 7), which is also in line with pre-pandemic trends (2012-2019).

Chart 7 – Industrial production, global goods trade, and SA CTKs



Global cross-border merchandise trade also displayed expansions both MoM and YoY in April, with readings of 1.5% and 1.8%, respectively. In particular, April delivered the second month of positive annual growth in 2024 after February. This is an encouraging signal in a strained business environment that continues to be impacted by inflation, impaired supply chains, geopolitical tensions, and rising cross-border trade restrictions.

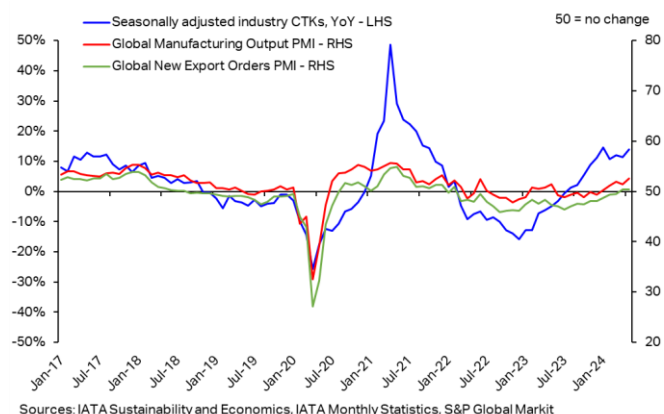
Continuously growing optimism for new export orders and manufacturing output

The Purchasing Managers’ Index (PMI) gauges economic trends in manufacturing and services. A PMI above 50 suggests that more purchasing managers expect their business to grow compared to the previous month, a figure below 50 indicates fewer managers with that outlook. Specifically, the

manufacturing output and new export order PMIs are two leading indicators of global air cargo demand.

The new export orders PMI, an indicator that can be understood as a measure of the perceived well-being of international trade, signaled expansion in May with a reading of 50.4 points (down from 50.5 in April). This is the second optimistic reading after the global indicator moved past the critical 50-point benchmark for the first time in over two years in April (Chart 8). It represents an encouraging signal that is aligned with the upward evolution of global merchandise trade discussed earlier (for April). As for the regional perspective, China and the US continued to experience optimistic expectations for new export orders last month, as they have for most of 2024. On the other hand, readings in Europe and Japan maintained their signals of contraction, although Europe exhibited the smallest contraction since early 2022.

Chart 8 – SA CTK growth, global manufacturing output and global new export orders PMIs



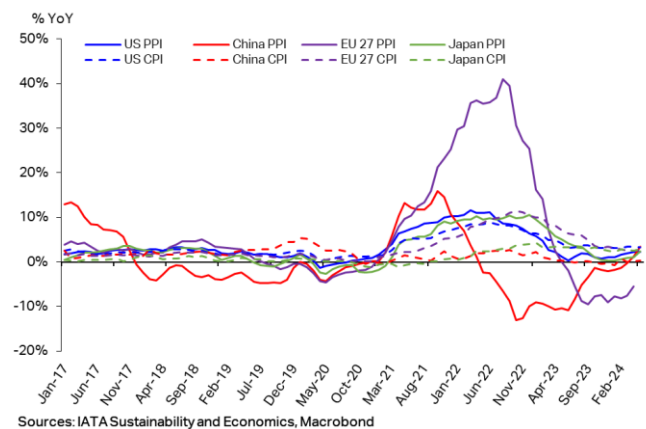
Meanwhile, the global manufacturing output PMI also continued to point to expansion in May with 52.6 points. This marked the fifth consecutive expansion and the highest figure since January 2022. This is a welcome development amid tight labor markets and supply chain disruptions that have been affecting the global manufacturing sector. The regional outlook for manufacturing output mirrors the pattern of the new export orders PMI. The US and China continued to exhibit optimistic expectations which supported the global expansion, while pessimism persisted in Europe and Japan, although the latter two economies signaled the smallest contractions since H1 2023.

Consumer price inflation continued to hover above target in major economies, except China

Inflation, as measured by the annual evolution of the Consumer Price Index (CPI), stayed roughly constant in May as compared to April in the US, Japan, and the EU, with figures standing at 3.3%, 2.8%, and 2.7%, respectively. As a result, consumer price inflation remained above target in these key economies. On the other hand, China’s consumer price inflation continued to bunch around zero last month, as it has been for the past year, with the latest reading at 0.3%. Muted inflation

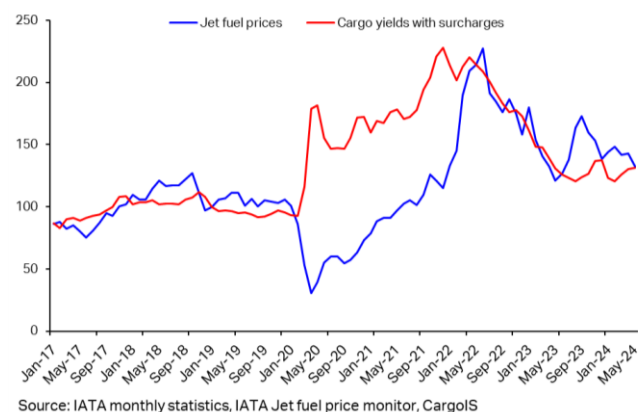
in China since 2023 reflects weak domestic demand, triggered by an elevated unemployment rate, reduced income growth, and the real estate sector crisis (**Chart 9**).

Chart 9 – Headline CPI and PPI inflation (YoY) in major economies



The Producer Price Index (PPI) tracks changes in the prices that producers receive for their products and it can serve as a leading indicator for the CPI. Compared to April, producer price inflation remained roughly level in May in the US at 2.2%, while it rose in both Japan and China, to 2.4% and 3.4%, respectively (**Chart 9**). For China, this marked the second consecutive annual increase in producer prices after almost two years of negative results and a significant jump of 2.2 pts relative to the April figure (partially due to a base effect). May values for the EU 27's PPI are not available to date. The month of April maintained the major deflationary trend that began mid-2023, with a PPI reduction of -5.5% YoY. This also represents the smallest deflation reading for the region since mid-2023.

Chart 10 – Jet fuel price and air cargo yields including surcharges (indexed, Jan 2019 = 100)



One of the main factors influencing consumer prices is the price of oil. Along similar lines, the global jet fuel price is a major contributor to airline operating costs. In the month of May, jet fuel prices fell by 7.2% over the previous month (+9.7% YoY), closing at USD 100.4 per barrel, the lowest value since mid-2023 (**Chart 10**). The jet fuel crack spread remained at 18 USD. This is a

welcome development as the exceptionally wide crack spread has been putting additional pressure on airlines' thin margins. The global yield for air cargo (with surcharges) registered growth in May both MoM and YoY with 0.8% and 0.4%, respectively. May therefore brought the first annual increase in the global yield since mid-2022.

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TOTAL MARKET	100.0%	14.7%	6.7%	3.1%	44.6%	13.2%	9.4%	1.5%	45.4%
Africa	2.0%	18.4%	21.4%	-1.1%	43.8%	16.1%	20.8%	-1.8%	44.4%
Asia Pacific	33.3%	17.8%	8.4%	3.6%	45.3%	16.5%	15.0%	0.6%	45.1%
Europe	21.4%	17.2%	11.9%	2.3%	51.8%	13.9%	10.6%	1.6%	55.0%
Latin America	2.8%	12.7%	8.0%	1.5%	36.2%	10.1%	7.5%	0.9%	36.9%
Middle East	13.5%	15.3%	2.7%	5.0%	46.1%	18.8%	10.2%	3.4%	46.4%
North America	26.9%	8.7%	2.5%	2.3%	39.7%	6.0%	2.0%	1.5%	40.3%
International	86.6%	15.5%	10.2%	2.3%	50.3%	14.0%	12.6%	0.3%	51.1%
Africa	2.0%	18.2%	21.2%	-1.1%	44.9%	16.1%	20.7%	0.7%	45.5%
Asia Pacific	29.8%	18.1%	15.7%	1.1%	54.1%	16.0%	19.4%	0.6%	53.3%
Europe	21.0%	17.5%	12.8%	2.1%	53.6%	14.1%	11.1%	0.2%	56.9%
Latin America	2.4%	11.3%	10.4%	0.3%	39.5%	8.8%	9.3%	1.5%	41.2%
Middle East	13.4%	15.3%	2.7%	5.1%	46.4%	18.8%	10.2%	0.5%	46.7%
North America	17.9%	9.6%	4.7%	2.1%	46.8%	7.5%	5.7%	-1.3%	47.6%

Note 1: % of industry CTKs in 2023

Note 2: the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical statistics are subject to revision.

IATA Sustainability & Economics

economics@iata.org

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