

Global air cargo demand remains weak in May

Global air cargo market conditions are weak, according to statistics from May 2023 issued by the International Air Transport Association (IATA). In terms of cargo tonne-kilometres (CTKs), global demand decreased globally by 5.2% from May 2022 (-6.0% for international operations). Available cargo tonne-kilometres (ACTKs), a measure of capacity, increased by 14.5% from May 2022 to May 2023. This increase was mostly caused by belly capacity, which rises as passenger demand picks up. Now, capacity is 5.9% higher than pre-pandemic levels from May 2019.



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Key factors influencing demand include:

- The global manufacturing Purchasing Managers Index (PMI) indicates an annual contraction of 1.4% in new export orders and a decrease of 5.2% year-on-year in production PMI. This suggests a cooling in global manufacturing demand.

Global goods trade decreased by 0.8% in April, due to macroeconomic challenges and supply chain constraints. Trading conditions appeared to favor maritime cargo as demand for container shipping contracted by 0.2% while air cargo demand weakened by 6.3% year-on-year.

- The global supplier delivery time PMI increased to 54.5 in May, up from its low of 35 in October 2021, indicating shorter delivery times and some relief for supply chains. However, this is also a sign of weaker global goods trade demand.

"Trading conditions for air cargo continue to be challenging with a 5.2% fall in demand and several economic indicators pointing towards weakness. The second half of the year, however, should bring some improvements. As inflation moderates in many markets, it is widely expected that central bank rate hikes will taper. This should help stimulate economic activity with a positive impact on demand for air cargo," said Willie Walsh, Iata's director general.

May regional performance

African airlines posted a 2.4% decrease in demand compared to May 2022. This was a decline in performance compared to the previous month (-0.9%). Notably, the growth of the Africa to Asia trade route slowed significantly in May from 18.5% in April to 11.0%, possibly due to the impact of the conflict in Sudan since mid-April. Capacity in May was up 9.2% compared to the same month in 2022.

Asia-Pacific airlines saw their air cargo volumes decrease by 3.3% in May 2023 compared to the same month in 2022. This was a decrease in performance compared to April (-0.3%), mainly due to the stronger annual contraction in international air cargo demand from -3.5% in April to -6.4% this month. Available capacity in the region increased by 38.3% compared to May 2022 as more belly capacity came online from the passenger side of the business.

North American carriers saw the weakest performance of all regions for the third consecutive month with an 8.1% decrease in cargo volumes in May 2023 compared to the same month in 2022. This was a slight improvement in performance compared to April (-12.4%). Notably, airlines in the region saw the third month of double-digit contractions in volumes on the North America-Europe trade lane (-10.3%). Capacity increased by 1.2% compared to May 2022.

European carriers experienced a 6.7% decrease in cargo volumes in May 2023, compared to the same month in 2022. This was an improvement in performance compared to April (-7.7%), in part due to the smaller annual contraction in international CTKs on the Europe-Middle East trade lane, from -4.7% in April to -2.9% in May. The decline in international cargo traffic on markets within Europe also improved from -16.2% in April to -7.8% this month (seasonally adjusted). Meanwhile, capacity increased by 5.6% in May 2023 compared to May 2022.

Middle Eastern carriers experienced a 3.1% year-on-year decrease in cargo volumes in May 2023. This was a slight improvement in performance compared to the previous month (-6.7%). Capacity increased by 15.6% compared to May 2022.

Latin American carriers had the only positive performance in May 2023 posting a 3.6% increase in cargo volumes compared to May 2022. This was an improvement in performance compared to April (-1.6%). Capacity in May was up 14.7% compared to the same month in 2022.