

Annual air cargo demand down 3.5% in October

The International Air Transport Association's (IATA) latest global air freight market data shows that demand has decreased by 3.5% in October 2019, compared to the same period in 2018. However, freight capacity rose by 2.2% year-on-year, outstripping demand growth for the eighteenth consecutive month.



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The drop in the air freight markets reflects a weak start to the traditional peak season for air cargo and the twelfth consecutive month of year-on-year declines in freight volumes.

"Air cargo's peak season is off to a disappointing start – demand is set to decline in 2019 overall - the weakest annual outcome since the global financial crisis. It has been a very tough year for the air cargo industry," said Alexandre de Juniac, IATA's director general and CEO.

Regional performance

Airlines in the Asia-Pacific and the Middle East regions suffered sharp declines in year-on-year growth in total air freight volumes in October 2019, while Latin American and European carriers experienced a more moderate decline.

Africa was the only region to record growth in air freight demand compared to October last year.

Asia-Pacific airlines saw demand for air freight contract by 5.3% in October 2019, compared to the same period in 2018, with capacity increasing by 0.6%. The US-China and South Korea-Japan trade wars have negatively affected the region, and the disruption to operations at Hong Kong International Airport – the largest cargo hub in the world – continues to impact activity.

However, the thawing of US-China trade relations and robust economic growth in key regional economies are positive developments.

North American airlines saw demand decrease by 2.4% in October 2019, compared to the same period a year earlier, with capacity increasing by 3.1%.

The underlying strength of the US economy has seen domestic air cargo outperform international which, as noted above, has also been impacted by the trade tensions with China.

European airlines posted a 1.5% decrease in freight demand in October 2019 compared to the same period a year earlier – a significant improvement over the 3.5% decrease in September.

Better than expected economic activity in Q3 in several of the region's large economies helped support demand. Capacity increased by 2.8% year-on-year.

Middle Eastern airlines' freight volumes decreased by 6.0% in October 2019 compared to the year-ago period. This was the sharpest drop in freight demand of any region for the month, with capacity increasing by 0.9%.

Against a backdrop of operational and geopolitical challenges facing some of the region's key airlines, seasonally-adjusted freight volumes in the region have resumed a modest upward trend which is a positive development for the region's carriers.

Latin American airlines experienced a decrease in freight demand in October 2019 of 2.6% compared to the same period last year. Various social and economic headwinds in the region's key economies have impacted the region's air cargo performance, with capacity increasing by 2.3% year-on-year.

African carriers posted the fastest growth of any region in October 2019, with an increase in demand of 12.6% compared to the same period a year earlier. Strong trade and investment links with Asia contributed to this positive performance.

Freight volumes on key Africa-Asia routes were up by 23% annually in September, while capacity grew 13.9% year-on-year.

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