

## Positive monthly evolution in October

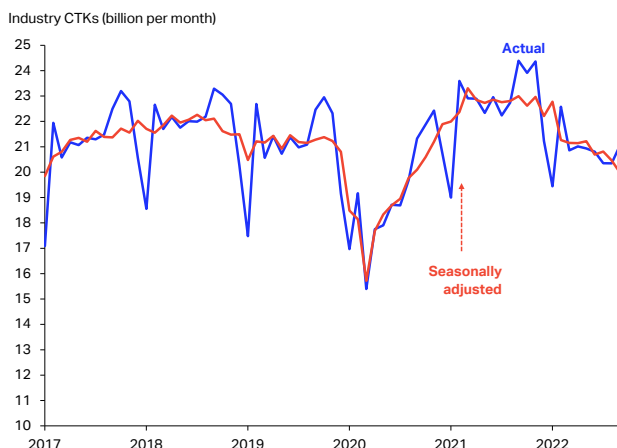
- Industry cargo tonne-kilometers (CTKs) rebounded in October with a 3.5% month-on-month (MoM) growth compared with September. However, from 2021, October industry CTKs contracted by 13.6%, and from 2019, industry CTKs declined by 6.2%, due to the base effect.
- Available cargo tonne-kilometers (ACTKs) increased by 2% MoM but contracted YoY for the first time since April 2022, decreasing by 0.6% in October. However, the YoY growth in international air cargo capacity remained positive at 2.4%.
- The months-long double-digit YoY growth of international CTK in Latin America came to an end in October, with only 0.3% YoY growth this month.
- Global trade activity remains clouded. Inflationary pressures, however, eased somewhat regarding consumer prices and producer price increases continued to cool down for the third consecutive month since July.

### Air cargo demand had positive monthly growth in October

Global air cargo demand, measured by cargo tonne-kilometers (CTKs), was 21.1 billion in October, increasing by 3.5% month-on-month (MoM). However, industry CTKs fell by 13.6% YoY compared to the same month in 2022 and were also 6.2% lower than the pre-pandemic levels in 2019.

Seasonally adjusted (SA) air cargo demand softened slightly in October, with a 2.3% MoM decline compared with September (**Chart 1**). Similar to the CTKs, SA CTKs contracted by 13.1% YoY and were 6.1% lower than the level seen in October 2019.

**Chart 1:** Global CTKs, actual and seasonally adjusted (SA)



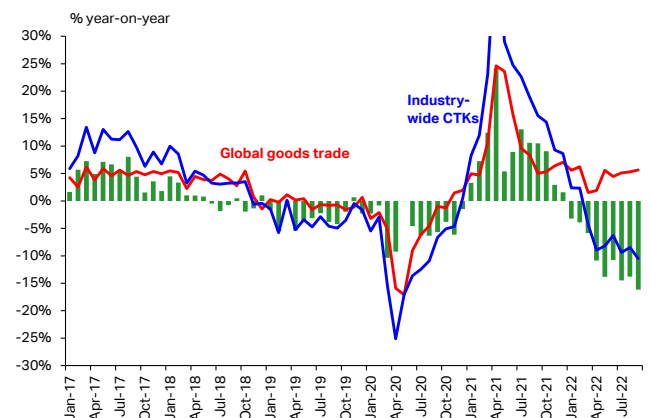
Sources: IATA Economics, IATA Monthly Statistics

Headwinds in the air cargo industry persisted in October, including high inflation rates in advanced economies, weak performance in the global flows of goods and services, the ongoing war in Ukraine, and the unusual strength of the US dollar. All of these factors put downward pressure on air cargo growth.

### Global goods trade remained steady while air cargo's relative growth performance softened

The most recent data show that global goods trade maintained steady YoY growth compared with the previous year (**Chart 2**). This stable trade performance is a positive signal for the world economy. Any easing of COVID-19 restrictions in China including factory re-openings will support the global trade recovery.

**Chart 2:** Growth in global goods trade and CTKs



Sources: IATA Statistics, Netherlands CPB

### Air cargo market - October 2022

	World share <sup>1</sup>	October 2022 (% ch vs the same month in 2019)				October 2022 (% year-on-year)			
		CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>	CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>-6.2%</b>	<b>-8.5%</b>	<b>1.2%</b>	<b>48.7%</b>	<b>-13.6%</b>	<b>-0.6%</b>	<b>-7.4%</b>	<b>48.7%</b>
International	87.0%	-5.6%	-6.9%	0.7%	54.2%	-13.5%	2.4%	-10.0%	54.2%

<sup>1</sup>% of industry CTKs in 2021

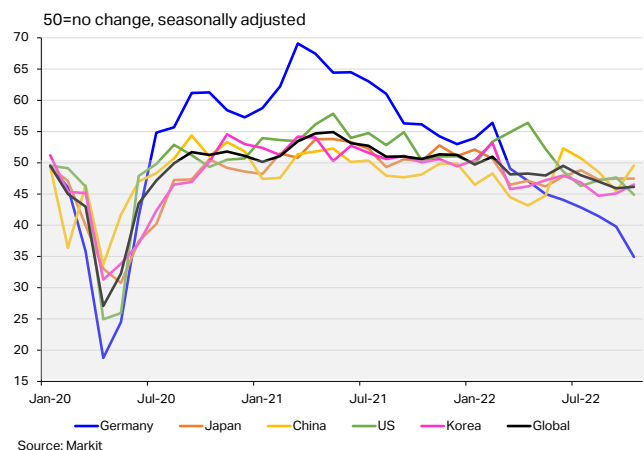
<sup>2</sup>Change in load factor vs same month in 2019

<sup>3</sup>Load factor level

However, most of the growth in global trade has benefited maritime transport which has been growing in line with the global trade trend. Air cargo's relative growth performance compared with maritime softened in September, arriving at -16.1% YoY.

The new export orders – historically a leading indicator for air cargo shipments – were still not particularly buoyant. The global PMI remains below the critical 50 line, suggesting continued contraction on average globally. China and Korea registered slightly higher new export orders in October compared to September, although remained below 50. Other major economies maintained a downward trend. Notably, Germany has moved sideways at levels below 50 since March, signaling the continuous impact on that economy of the war in Eastern Europe (**Chart 3**).

**Chart 3: New export order manufacturing PMIs**



The YoY change in global PMI has been hovering around -9% since July. Owing to the historical relationship between the global PMI for new export orders and industry-wide CTKs, the relative stability of the former could point to a stabilization also in air cargo demand going forward (**Chart 4**).

**Chart 4: CTK growth versus global new export orders**

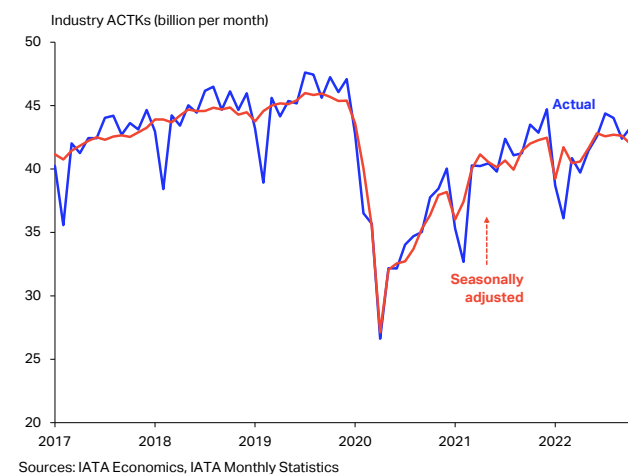


**Air cargo capacity had negative YoY growth for the first time since April 2022**

Industry-wide air cargo capacity, measured by available cargo tonne-kilometers (ACTKs), increased by 2% compared with September (**Chart 5**). This produced an industry cargo load factor (CLF) of -7.4% in October, down from -7.0% in September.

Industry capacity contracted by 0.6% in October, although the YoY growth in international air cargo capacity remained positive at 2.4%. This is the first negative YoY growth in the industry ACTKs since April 2022.

**Chart 5: ACTK levels, actual and seasonally adjusted**



Industry SA ACTKs remained at about the same level compared with October 2021. Latin America achieved the highest YoY growth in SA ACTKs, at 20.3%. This is followed by North America with 3% YoY and the Middle East with 1.1% on the same basis. In comparison, regions which saw negative YoY growth in SA ACTKs this October were Africa (-7.5%), Europe (-5%), and Asia Pacific (-2.1%).

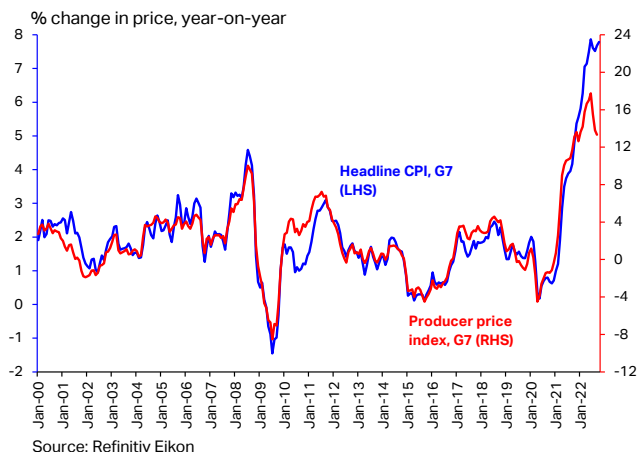
Industry SA CLF in October was 47.6%, down by 13.1% compared with 2021, but nevertheless 2% higher than the pre-pandemic level. Compared with the previous month, the industry SA CLF contracted by 0.9%. Latin America experienced the greatest MoM decline in SA CLF by 4.3%, followed by Africa (-4.0%) and the Middle East (-3.2%). North America and Europe had a MoM decline in SA CLF by 0.4% and 0.3%, respectively, while in Asia Pacific SA CLF were unchanged.

Asia Pacific remained the region with the highest SA CLF globally, at 54.9% in October, followed by Europe as the next best performer at 54.2%. The Middle East and Africa had SA CLF at 46.4% and 44.8% respectively in October. The Americas still had a lower SA CLF than that of the other world regions. For Latin American carriers, the SA CLF was just 36.4%, while for North American airlines it was 39.6% in October.

**Inflationary pressures continued to ease**

Year-on-year inflation, as measured by the Consumer Price Index (CPI) for the G7 countries rebounded slightly to 7.8% in October, a 0.1 percentage points (ppt) increase from September. Producer (input) prices continued to retreat by 0.5 ppts to 13.3% in September 2022 (**Chart 6**), recording the lowest rate year-to-date.

**Chart 6: G7 headline CPI and PPI inflation**

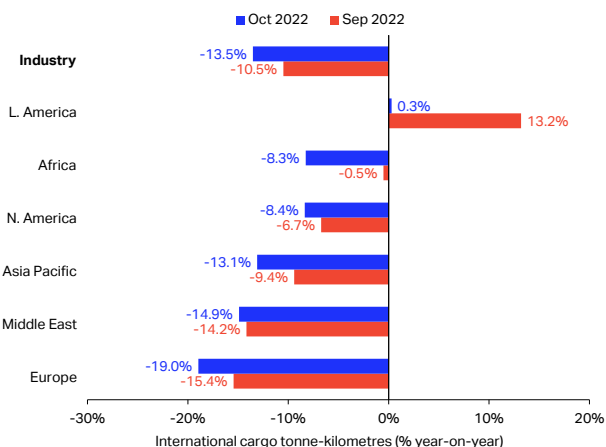


Oil is an important contributor to producer prices, and a major cost to airlines directly. The Brent crude oil price saw an increase in October compared with September, reaching USD 95.8 per barrel. The jet crack spread remains unusually wide. It peaked at USD 64 per barrel in June, and pulled back to USD 43.3 per barrel by the end of October.,

**International CTKs – Latin America’s months-long double-digit growth stalled**

Industry-wide international CTKs contracted by 10.5% YoY in October, compared with -13.5% YoY in the previous month. The months-long double-digit YoY growth in international CTKs in Latin America came to an end in October, with only 0.3% YoY growth (**Chart 7**). All other regions experienced greater YoY contractions in international air cargo activity compared with the previous month.

**Chart 7: Int’l CTK growth (airline region of registration)**



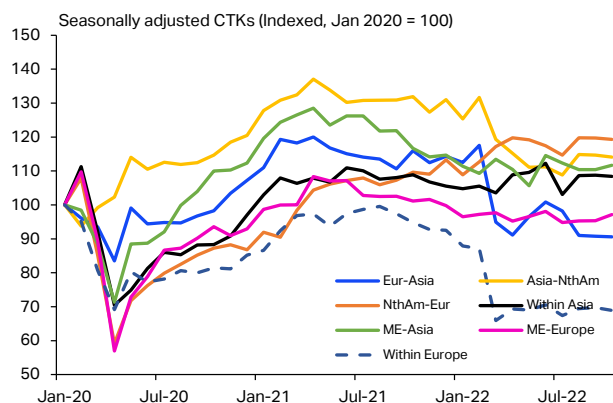
Sources: IATA Economics, IATA Monthly Statistics

Asia Pacific, which accounts for the largest share of international CTKs globally, posted a 13.1% YoY decline in October. Airlines in Africa saw a deeper YoY contraction in international CTKs, dropping 7.8 ppts compared with September, down to -8.3%.

North America saw a decline of 8.4% YoY in international CTKs in October, which is 1.7 ppts lower than in September. Airlines in Europe and the Middle East continued to be most affected by the Ukraine war, with -19% and -14.9% YoY growth in international air cargo demand.

The latest seasonally adjusted air cargo demand by route area maintained stable levels compared with September in most of the region-pair markets, including Europe-Asia, Asia-North America, North America-Europe, Within Asia, North America-South America, and Europe-South America (**Chart 8**).

**Chart 8: Seasonally adjusted CTKs by route area**



Source: IATA Economics, IATA Monthly Statistics by Route

Four markets had positive YoY growth in SA CTKs in October: North America-South America (18%), North America-Europe (8.8%), and Europe-South America (2.5%). In comparison, Within Europe remained the weakest-performing region, with -27.3% YoY growth in SA CTK. This is followed by the Europe-Asia market, on which route air cargo demand contracted by 21.9% YoY.

Within Asia, SA CTKs were 0.4% lower than a year ago, which is a decline from the increase of 1.8% YoY seen in September. Additionally, the YoY contraction in the Asia-North America market also deepened to -13.5% in October from -9.9% in September. Asia-Africa saw SA CTKs contract by 15.2% compared with last year, a slight improvement from September at -17.6% YoY.

Cargo traffic of Middle East airlines saw an improvement in the YoY SA CTK. The Middle East-Europe registered -4.0% YoY in October, an improvement on the -6.2% seen in September. The Middle East-Asia market’s SA CTKs were down by 4.3% compared with -4.8% YoY in September.

## Air cargo market in detail - October 2022

	World share <sup>1</sup>	October 2022 (% year-on-year)				October 2022 (% ch vs the same month in 2019)			
		CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>	CTK	ACTK	CLF (%-pt) <sup>2</sup>	CLF (level) <sup>3</sup>
<b>TOTAL MARKET</b>	<b>100.0%</b>	<b>-13.6%</b>	<b>-0.6%</b>	<b>-7.4%</b>	<b>48.7%</b>	<b>-6.2%</b>	<b>-8.5%</b>	<b>1.2%</b>	<b>48.7%</b>
Africa	1.9%	-8.3%	-7.4%	-0.4%	43.7%	2.1%	-11.1%	5.7%	43.7%
Asia Pacific	32.6%	-14.7%	-2.8%	-7.8%	56.1%	-11.8%	-15.4%	2.3%	56.1%
Europe	22.8%	-18.8%	-5.2%	-9.3%	55.8%	-13.2%	-17.1%	2.5%	55.8%
Latin America	2.2%	-1.4%	19.2%	-8.1%	38.4%	-8.1%	-17.3%	3.9%	38.4%
Middle East	13.4%	-15.0%	1.0%	-9.0%	48.0%	-7.1%	-7.5%	0.2%	48.0%
North America	27.2%	-8.6%	2.4%	-4.8%	40.1%	8.8%	5.9%	1.1%	40.1%
<b>International</b>	<b>87.0%</b>	<b>-13.5%</b>	<b>2.4%</b>	<b>-10.0%</b>	<b>54.2%</b>	<b>-5.6%</b>	<b>-6.9%</b>	<b>0.7%</b>	<b>54.2%</b>
Africa	1.9%	-8.3%	-7.9%	-0.2%	44.7%	2.7%	-9.9%	5.5%	44.7%
Asia Pacific	29.5%	-13.1%	4.9%	-12.6%	60.8%	-8.0%	-7.2%	-0.5%	60.8%
Europe	22.4%	-19.0%	-5.5%	-9.7%	58.2%	-13.7%	-18.1%	3.0%	58.2%
Latin America	1.8%	0.3%	21.6%	-10.1%	47.7%	-5.4%	-11.0%	2.9%	47.7%
Middle East	13.4%	-14.9%	1.1%	-9.1%	48.3%	-7.0%	-7.5%	0.2%	48.3%
North America	18.0%	-8.4%	8.0%	-8.6%	48.2%	10.5%	8.7%	0.8%	48.2%

<sup>1</sup>% of industry CTKs in 2021

<sup>2</sup>Change in load factor

<sup>3</sup>Load factor level

**Note:** 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.

## Air cargo market in detail - October 2022

	World share <sup>1</sup>	October 2022 (% ch vs the same month in 2019)				Year-to-date (% ch vs the same period in 2019)			
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Africa	1.9%	2.1%	-11.1%	5.7%	43.7%	11.6%	-14.7%	11.0%	46.7%
Asia Pacific	32.6%	-11.8%	-15.4%	2.3%	56.1%	-5.9%	-17.5%	7.3%	59.4%
Europe	22.8%	-13.2%	-17.1%	2.5%	55.8%	-8.1%	-16.9%	5.4%	56.4%
Latin America	2.2%	-8.1%	-17.3%	3.9%	38.4%	-4.3%	-16.0%	4.9%	40.1%
Middle East	13.4%	-7.1%	-7.5%	0.2%	48.0%	0.5%	-6.2%	3.3%	49.5%
North America	27.2%	8.8%	5.9%	1.1%	40.1%	14.8%	9.0%	2.1%	41.5%
<b>International</b>	<b>87.0%</b>	<b>-5.6%</b>	<b>-6.9%</b>	<b>0.7%</b>	<b>54.2%</b>	<b>-0.1%</b>	<b>-9.1%</b>	<b>5.1%</b>	<b>56.5%</b>
Africa	1.9%	2.7%	-9.9%	5.5%	44.7%	12.8%	-13.4%	11.1%	47.5%
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Middle East	13.4%	-7.0%	-7.5%	0.2%	48.3%	0.5%	-6.0%	3.2%	49.9%
North America	18.0%	10.5%	8.7%	0.8%	48.2%	14.3%	6.1%	3.6%	49.6%

<sup>1</sup>% of industry CTKs in 2021

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 25 November 2022

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