

IATA: Slow improvement in air cargo demand in August

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The latest statistics from IATA show that air cargo volumes are improving only slowly despite a pick up in business indicators.

According to the airline association, air cargo volumes in cargo tonne kms (CTK) declined by 12.6% year on year in August, which is a slight improvement on the 14.4% decline registered in July, but is slower than some of the traditional leading indicators would suggest.

The new export orders component of the manufacturing Purchasing Managers Index (PMI), for instance, rose by 5.1% year on year in August, its best performance since late 2017.

IATA said that capacity constraint from the loss of available belly cargo space, as passenger aircraft remain parked, was affecting cargo volume growth.

Global capacity, measured in available cargo tonne-kilometers (ACTKs), shrank by 29.4% in August which IATA said is “basically unchanged from the 31.8% year-on-year drop in July”.

Belly capacity for international air cargo was 67% below the levels of August 2019, while there was a 28.1% increase in dedicated freighter capacity. Daily widebody freighter utilisation is close to 11 hours per day, the highest levels since these figures have been tracked in 2012.

Cargo load factors for the month improved by 10.6 percentage points year on year in August to reach 54.8%

“Air cargo demand improved by 1.8 percentage points in August compared with July,” said Alexandre de Juniac, IATA’s director general and chief executive.

“That’s still down 12.6% on previous year levels and well below the 5.1% improvement in the manufacturing PMI.

“Improvement is being stalled by capacity constraints as large parts of the passenger fleet, which normally carries 50% of all cargo, remain grounded. The peak season for air cargo will start in the coming weeks, but with severe capacity constraints shippers may look to alternatives such as ocean and rail to keep the global economy moving.”

Looking at regional performance during the month of August, Asia Pacific-based airlines saw demand for air cargo fall 20.1% year on year.

“After a robust initial recovery in May, month-on-month growth in seasonally-adjusted demand declined for the second consecutive month. International capacity is particularly constrained,” IATA said,

North America-based carriers continued to report comparatively decent figures with cargo traffic increasing 1.7% compared to the previous year.

IATA explained: “This steady performance is due in part to strong domestic and transpacific demand on the Asia-North America route, reflecting e-commerce demand for products manufactured in Asia.”

At the other end of the scale, Europe-based carriers continued to struggle and reported a decrease of 18.9% compared to the previous year.

“Improvements have been slight but consistent since April’s performance of a 33% decline. Demand on most key trade lanes to/from the region remained weak. The large Europe–Asia market was down 18.6% year-on-year in August.”

Middle Eastern carriers reported a decline of 6.9% in year on year cargo volumes in August, which is a “significant improvement” from the 15.1% fall in July.

Regional airlines have aggressively added capacity in the last few months.

Latin America-based carriers reported demand steady at 27.3% compared to the previous year, ending three consecutive months of deteriorating demand.

According to IATA: “Demand on trade routes between Latin America (particularly Central America) and North America have compensated for weakness on other routes.”

And Africa-based airlines saw demand decrease by 0.2% in August as investment flows along the Africa-Asia route continue to drive the regional outcomes.