Cargo load factors remain strong despite Chinese New Year

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Air cargo load factors remained strong during the Chinese New Year as demand did not fall as strongly as it has in the past.

Statistics from CLIVE Data Services show that in the first week of the Chinese New Year, which this year started on February 12, services from China to

Europe saw demand drop by 25-30% compared with a week earlier, while capacity was reduced by around 20%.

However, this is "very different" to previous years, said CLIVE managing director Niall van de Wouw.

For example in 2019 and 2020, the first week of the holiday resulted in demand weakening by around 60% against the previous week as factories closed.

As a result of the demand development, CLIVE's dynamic load factor for services from China to Europe dropped only slightly; from 94% to 93%.

Last year, there was a drop in dynamic load factors from 94% to around 70% in the westbound direction during that period.

Typically factories close for a two-week period during the holiday as workers head home for the break.

However, this year, a backlog in demand, supply chain issues and covid-19 restrictions has meant that many have remained open.

The South China Morning Post reported that **train journeys were down** by around 70% this year as people stayed at home.

Factories and cities offered incentives for those willing to work, while travel restrictions were put in place as the government took steps to curb travel and stop Covid-19 outbreaks.

However, despite load factors remaining strong, there was a fall in airfreight rates.

According to the Baltic Exchange Air Freight Index (BAI), average Hong Kong to Europe fell 19% week on week to $3.63 per kg and from Hong Kong to North America there was a 3.2% fall to $6.40 per kg.

Peter Stallion of air cargo derivatives broker Freight Investor Services said that price declines out of Asia reflect lower demand.