

Air cargo rates set to stay elevated during summer lull

04 / 06 / 2021

By Damian Brett



Airfreight rates cooled as the month of May progressed but this is unlikely to signify the start of a return to pre-Covid levels.

The latest figures from the Baltic Exchange Air Freight Index (BAI) show that rates from Hong Kong to North America increased to \$8.70 per kg in May from \$8.48 in April.

From Hong Kong to Europe prices reached \$4.73 per kg from \$4.61 in the prior month.

However, prices on both trades weakened as the month progressed, ending at \$7.70 on Hong Kong to North America and \$4.41 Hong Kong to Europe.

Writing in the Baltic Exchange market round up, Bruce Chan, vice president of global logistics at investment bank Stifel, said this downward trend as the month progressed was unlikely to signify a return to pre-Covid levels.

He said that belly capacity on international flights remained depressed due to the slow roll out of vaccination programmes and the emergence of new variants.

Meanwhile, demand continues to be brisk even heading into the summer lull as consumption remains high, inventories are low and there is ongoing supply chain disruption.

“We believe that current supply and demand trends will push elevated rates through peak season and into 2022,” Chan said.

“We believe the goods to services rotation that many were expecting to lead to slower freight growth in the back half of 2021 are less likely to materialise.

“For one thing, elevated savings rates through the pandemic should provide a consumption shock absorber, so to speak.

“And for another thing, services spending does consume freight capacity—produce and seafood or equipment to support concerts and trade shows, for example.

“At some point, capacity and rates will normalise. The violence of that decompression is a topic for future debate, but from an airfreight perspective, 2021 should remain an expensive year.”

The slowdown in rates in May is reflected by statistics released by CLIVE Data Services that suggested that demand dropped in May compared with the same month in 2019 [after stronger performance over the first four months.](#)

[TAC Index monthly airfreight rates di Air Cargo News Data](#)