

IATA: Volumes outperform pre-Covid levels, but pace slows in May

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IATA has reported in its latest market analysis that air cargo volumes in May continued to outperform pre-Covid (2019) levels – although the pace in demand in May was slower than that in April.

Global air cargo demand in May 2021, measured in cargo-tonne kms (CTKs), was reported as 9.4% higher than in May 2019 (used instead of last year for comparison purposes due to impact of Covid). This compares with the 12% growth against pre-Covid levels recorded in April this year.

The association said North American carriers contributed 4.6 percentage points to the 9.4% growth rate in May.

IATA added: "It is worth noting that the slowdown in growth was reflected in all the regions except Latin America, where growth performance improved significantly in May."

Global capacity in May 2021 remained constrained compared with pre-covid levels. Measured in available cargo tonne km (ACTKs), capacity in May 2021 was 9.7% lower than May 2019.

Meanwhile, the cargo load factor was up by 10 percentage points on 2019 to 57.2%.

IATA commented: "Many airlines continue to operate 'passenger freighters'... but those operations are costly and complex to operate, and there is anecdotal evidence some services may be discontinued in the near term, as international long-haul passenger traffic restarts and some exemptions allowing to transport cargo in the main cabin of passenger aircraft are lifted."

IATA explained: "Air cargo becomes attractive when businesses have low inventories and are faced with rising demand as the economy restarts. In that case, the speed of air cargo provides a strong competitive advantage. Currently, air cargo also benefits from exceptionally congested container supply chains.

It added: "Further pressures were added more recently by slowed-down operations in key Chinese ports."

Willie Walsh, IATA's Director General, commented: "Propelled by strong economic growth in trade and manufacturing, demand for air cargo is 9.4% above pre-crisis levels.

"As economies unlock, we can expect a shift in consumption from goods to services. This could slow growth for cargo in general, but improved competitiveness compared to sea shipping should continue to make air cargo a bright spot for airlines while passenger demand struggles with continued border closures and travel restrictions."

Looking at regional performance in May 2021, Africa-based airlines recorded volumes 23.1% higher than in the same period of 2019. Capacity in the region was 1.8% lower than May 2019.

Cargo demand for North America-based airlines was 21.6% higher than May 2019. Capacity was also higher — by 2%.

IATA noted: “Drivers such as manufacturing output (Purchasing Managers’ Index of 59.6 in May) are very supportive, despite risks from consumers shifting to the services sector as the pandemic is put under control.”

Europe-based airlines posted volumes 6% higher than in May 2019, while capacity was 16.9% lower.

Carriers based in the Middle East achieved volumes that were 13.9% higher than in May 2019. Capacity in the region was down 7.5% on pre-Covid levels.

Air cargo demand for Asia Pacific-based airlines was 2.7% higher than in May 2019. Meanwhile, capacity was 15.7% lower than pre-Covid levels.

Commenting on demand in May for carriers based in Europe, the Middle East and Asia Pacific, IATA said: “Given the strongly supportive supply chain dynamics and still robust manufacturing activity and export orders, a more significant slowdown in the near term appears unlikely.”

Latin America-based carriers recorded cargo volumes in May 2021 that were 14% lower than pre-Covid levels. Capacity in the region was also lower than May 2019 — by 23.3%.

IATA said: “This was the worst performance of all regions, but a significant improvement compared with the previous month, which saw a 31% drop in demand.”

IATA said: “In recent months, traffic carried by airlines in the region had been low, as those carriers lost market shares to airlines in North America and Europe.

“With some of the largest carriers in Latin America still restructuring, it is not clear if May’s rebound will be sustained.”