

Air cargo demand takes a hit in March but rates stay high

07 / 04 / 2022

By Damian Brett



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Air cargo volumes in March declined compared with a year earlier as the market was hit by the war in Ukraine, sanctions and [lockdowns in China](#).

The latest figures from CLIVE Data Services, which is part of the Xeneta rate benchmarking platform, show that demand for March was 4.5% down compared with a year earlier – and 6.5% down on pre-Covid 2019 levels – marking a “sudden

interruption to the recovery trend of recent months after the peak Covid disruption of the past two years”.

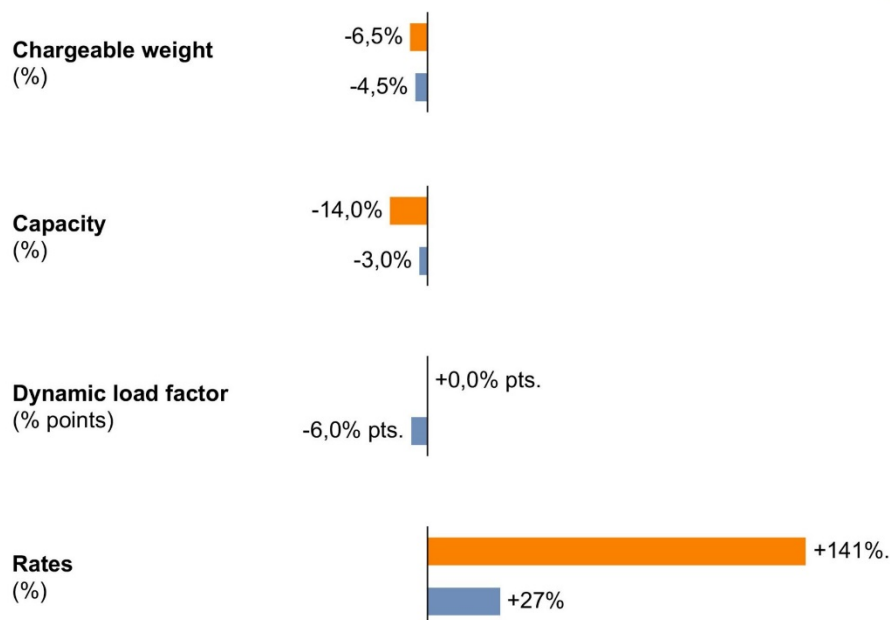
Capacity in March was down 3% compared with last year and 14% against 2019 levels.

As a result, dynamic load factors – accounting for both weight and volume – stood at 66%, which is the same level as recorded in 2019 and six percentage points lower than 2021 after record levels were reached that year.

In March macro events muted weight & capacity growth; rates remain elevated

March 2022 global air cargo volumes, capacity load factor and rates developments
(Weeks 9-13 of 2022 compared to same weeks in 2021 and 2019)

2022 vs 2019
2022 vs 2021



Source: CLIVE Data Services, now part of Xeneta

Despite aircraft being less full in March than they were a year ago, rates have actually increased by 27% year on year and are up by 141% compared with two years ago.

Niall van de Wouw, chief airfreight officer at Xeneta, said this was down to disruption on the ground.

“There are also still many issues with capacity on the ground. One bottleneck got replaced with another one,” said van de Wouw.

“Load factors are lower this year than they were last year, but prices are higher. The latest disruption in Shanghai is not unexpected but it adds to the worldwide issue of staff absence because of high Covid cases.

“Pilots, cargo handling workers, truck drivers etc, unlike many others, cannot work from home. It’s hardly surprising then to hear the International Monetary Fund (IMF) blaming soaring shipping costs for driving up inflation rates.

“Right now, the airfreight and oceanfreight markets are in general a mess, with shippers and consumers having to pay the price. In the first two months of 2022, we were talking of growing resilience in the airfreight market and a recovery to pre-Covid levels. March data shows how quickly this can change.”

CLIVE also noted an increase in the placement of capacity into the spot market on certain trade lanes, such as Europe-Japan trade, where the amount of chargeable weight at a spot rate increased to 60% of the market, or 20 percentage points higher than February’s spot share.

Rates from Japan to Europe increased to around €5 per kg, nearly 50% higher than the weeks preceding the Ukraine war.

Carriers on the route had removed capacity as they [sought flight paths that avoided Russian airspace.](#)

“In overall air cargo market terms, March was a step back from the trend we saw late last year and earlier this year. We have been reminded of how the limited control the general airfreight market has over its own destiny and how it is impacted by passenger traffic trends, disruption in the ocean freight market, and geopolitical events,” said van de Wouw.

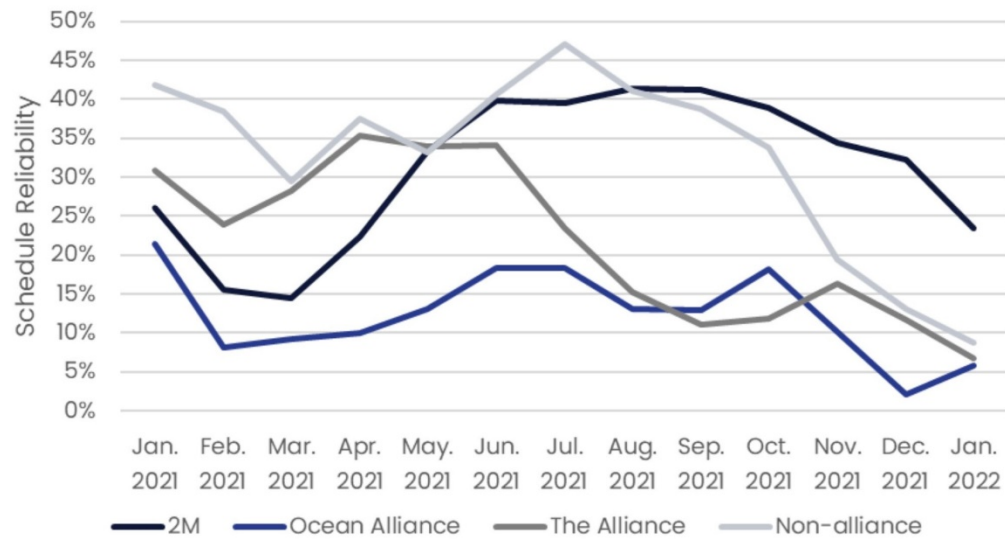
He added that ongoing disruption in ocean shipping could provide a boost to air cargo demand while higher inflation could have a negative impact.

“Although it is too soon to tell what the skyrocketing inflation numbers in the US will result to, the logistical difficulties on the water between these two continents must put some wind into the sails of the air cargo market.

“With continuously declining schedule reliability of the ocean liners, logistical departments will likely be required to resort to airfreight because of disruptions to their supply chains caused by these record low service levels,” he said.

Declining reliability of Ocean liners across the Atlantic - good news for airfreight?

Schedule reliability ocean liners from Northern Europe to US East Coast



Source: Xeneta.com; Sea-Intelligence