

Airfreight rates pick up in May despite demand declines

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By Damian Brett



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Airfreight rates on major east-west trades continued to increase on a year ago in May despite analyst figures showing demand declines over the last few months.

The latest figures from the Baltic Exchange Airfreight Index (BAI) show that average rates from Hong Kong to North America in May increased by 21.7% year on year to \$9.69 per kg, while they up 1.2% compared with April.

From Hong Kong to Europe average rates for May increased by 34.2% year on year to \$6.35 per kg, which is up 5.7% on April.

The increases come as air cargo operations from Asia continue to face disruption. The Shanghai Covid lockdown continued to impact production levels in May, with airlines responding by removing flights.

Meanwhile, cross border trucking and freighter operations out of Hong Kong continued to be affected by Covid restrictions.

European operations were also affected by the closure of airspace due to war in Ukraine forcing carriers to implement longer routes while Russian carriers, such as AirBridgeCargo and Atran, were effectively taken out of the market.

Jet fuel prices have also surged over recent months.

On the demand side, the latest data from CLIVE Data Services shows another downturn in volumes in May, this time sliding by 8% year on year.

Looking ahead, many are expecting a surge in cargo as Shanghai gradually re-opens to put [pressure on shipping lines and in turn airlines.](#)

[This could push up rates further in the months ahead](#), according to Bruce Chan, senior analyst at investment bank Stifel.

On the other hand, TAC Index, which provides data for the BAI, said that carriers are ramping up capacity and this could cool rates.

“Cathay Pacific in Hong Kong [is] among those now planning to substantially increase transpacific flights from next month which could be putting downward pressure on rates this week.”

The carrier is also [adding cargo capacity to Europe in June.](#)

The data provider point out that prices from Hong Kong to North America decline week on week at the end of May, although they remain ahead of 2021 levels.

While rates remain high out of Asia, prices on the transatlantic market from Frankfurt to North America declined in May – dropping 24.3% on April to \$4.23 per kg – as carriers add capacity to the market for the summer tourist season.

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