

Air cargo suffers largest demand drop of 2022 in October

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By Damian Brett



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Air cargo demand suffered the largest percentage decline of the year so far in October but there is the hope of some peak season pick-up.

The latest statistics from IATA show that air cargo tonne km declined by 13.6% year on year in October while capacity was down 0.6% and load factors slipped 7.4 percentage points on last year to 48.7%.

However, IATA director general Willie Walsh said there had been a pick-up compared with September. He also pointed out that 2021 was a particularly strong year for air cargo.

“Air cargo continues to demonstrate resilience as headwinds persist,” said Walsh. “Cargo demand in October – while tracking below the exceptional performance of October 2021 – saw a 3.5% increase in demand compared to September.

“This indicates that the year-end will still bring a traditional peak-season boost despite economic uncertainties.

“But as 2022 closes out it appears that the current economic uncertainties will follow into the New Year and need continued close monitoring.”

Looking at market indicators for clues on where the market is heading, IATA said that new export orders, a leading indicator of cargo demand, are “shrinking in all markets except China and South Korea”.

IATA said the US dollar has seen a sharp appreciation: “A strong dollar affects air cargo. As many costs are denominated in dollars, the currency’s appreciation adds another layer of cost on top of high inflation and high jet fuel prices.”

Also the Consumer Price Index increased slightly in G7 countries in October and remains at a decades’ high level of 7.8%.

On a more positive note, inflation in producer (input) prices, reduced by 0.5 percentage points to 13.3% in September.

And the latest global goods trade figures showed a 5.6% expansion in September, a “positive sign for the global economy that could provide a slight boost for air cargo”.

Looking at regional performance, Asia Pacific airlines saw their air cargo volumes decrease by 14.7% year on year in October.

“Airlines in the region continue to be impacted by the war in Ukraine, and lower levels of trade and manufacturing activity due to Omicron-related restrictions in China,” said IATA.

North American carriers posted an 8.6% decrease in cargo volumes in October.

European carriers saw an 18.8% decrease in cargo volumes in October compared to the same month in 2021, the worst performance of all regions.

“This is attributable to the war in Ukraine,” IATA said. “High inflation levels, most notably in Türkiye, also affected volumes.”

Middle Eastern carriers experienced a 15% year-on-year decrease in cargo volumes during the month as Stagnant cargo volumes to/from Europe impacted the region’s performance.

Latin American carriers reported an October decrease in demand of 1.4%, the strongest performance of all regions, but the first decline in volumes since March 2021.

African airlines saw cargo volumes decrease by 8.3% in October, a “significant decrease in the growth recorded the previous month (0.1%)”.