

Global air cargo demand declines in April, reports IATA

Global air cargo demand in April 2023 declined by 6.6% compared to the same month in 2022, an improvement over the previous month's decline of 7.6%. This is according to data released by the International Air Transport Association (IATA) for April 2023 global air cargo markets.



Source: PublicDomainPictures via pixabay.com

The decline in demand was driven by a number of factors, including the ongoing war in Ukraine, which has disrupted supply chains and led to higher fuel prices. However, the decline was also partially offset by strong demand for electronics and other high-value goods.

Despite the decline, global air cargo capacity in April 2023 was up 13.4% compared to the same month in 2022. This was the first time in three years that capacity has surpassed pre-Covid levels. The increase in capacity was primarily driven by belly capacity, which is cargo space that is available on passenger aircraft. This is due to the fact that demand in the passenger business has been recovering.

Freighter capacity, on the other hand, declined by 2.3% in April 2023. This is due to the fact that the number of freighter aircraft in operation has declined as the industry has adjusted to the post-Covid environment.

Preferighter operations cease

Preferighter operations, which are used to transport urgent medical supplies, ceased in March 2023 after 2.5 years of continuous activity. This is due to the fact that the demand for these services has decreased as the pandemic has subsided.

Overall, the air cargo market in April 2023 showed signs of improvement, but there are still a number of challenges that the industry faces.

Key factors influencing demand include:

- The global new export orders component of the Purchasing Managers' Index (PMI), a leading indicator of cargo demand, improved in April. China's PMI level surpassed the critical 50-mark indicating that demand for manufactured goods from the world's largest export economy is growing.
- Global goods trade increased by 0.2% in March, marking the first annual increase since November 2022.
- Consumer and producer price increases have moderated. The April headline Consumer Price Index (CPI) recorded rates of 5.0% in the US, 0.3% in China, and 3.5% in Japan. While Europe was higher (8.1%), it is well below its 11.5% October 2022 peak.

"The air cargo industry is adjusting itself to the implications of the recovery in passenger demand that brings with it an expansion of belly capacity. Preighter operations stopped in March and freighter services were scaled back by 2.3% in April. The demand environment is challenging to read. Tapering inflation is definitely a positive. But the degree and speed at which that could lead to looser monetary policies that might stimulate demand is unclear. The resilience that got the air cargo industry through the COVID-19 crisis is also critical in the aftermath," said Willie Walsh, IATA's director General.

April regional performance

Asia-Pacific airlines saw their air cargo volumes decrease by 0.4% in April 2023 compared to the same month in 2022. This was a significant improvement in performance compared to March (-6.8%). Available capacity in the region increased by 41.2% compared to April 2022 as more and more belly capacity came online from the passenger side of the business.

North American carriers saw the weakest performance of all regions with a 13.1% decrease in cargo volumes in April 2023 compared to the same month in 2022. This was a drop in performance compared to March (-10.2%). Notably, airlines in the region saw a significant decrease in international demand in April due to a substantial fall in volumes on two major trade lanes: North America-Europe (-13.5%) and North America-Asia (-9.3%). Capacity decreased by 1.5% compared to April 2022.

European carriers experienced an 8.2% decrease in cargo volumes in April 2023 compared to the same month in 2022. This was a slight decline in performance compared to March (-7.4%). Airlines in the region saw a significant decrease in international demand due to double-digit contractions on the North America-Europe (-13.5%) trade lane, as well as within Europe (-16.1%). This was partially offset by strong demand on the Europe-Asia route (3.4%), which helped mitigate the overall decline in the region. Capacity increased 7.8% in April 2023 compared to April 2022.

Middle Eastern carriers experienced a 6.8% year-on-year decrease in cargo volumes in April 2023. This was a slight decline in performance compared to the previous month (-5.5%). Capacity increased by 10.0% compared to April 2022.

Latin American carriers reported a 1.6% decrease in cargo volumes in April 2023 compared to April 2022. This was an improvement in performance compared to March (-4.4%). Capacity in April was up 8.1% compared to the same month in 2022.

African airlines had the only positive performance in April posting a 0.9% increase in demand compared to April 2022. This was an improvement in performance compared to the previous month (-4.3%). Notably, the Africa to Asia trade route

experienced a significant increase in cargo demand in April, up 20.0% year-on-year. Capacity was 5.3% above April 2022 levels.

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