IATA: DECLINE IN AIR FREIGHT VOLUMES BOTTOMS OUT

News / Airlines

The International Air Transport Association (IATA) released data for global air freight markets showing air cargo volumes (measured in Freight Tonne Kilometers) were down 1.2% in November 2015, compared to November 2014. Total cargo volumes, however, expanded compared to October 2015, and were higher than the low point in August. This indicates that the decline in cargo demand may be bottoming out.

The negative year-on-year comparisons occurred across all regions with the exception of the Middle East. Of the major markets that together comprise more than 80% of total trade, Europe was down 2.0%, North America by 3.2%, and Asia-Pacific by 1.5%. The comparative weakness in these regions was driven largely because the performance in November 2014 was very strong. Latin American and African markets also fell, by 6.4% and 6.0% respectively. The Middle East region posted 5.4% growth.

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“The freight performance in November was a mixed bag. Although the headline growth rate fell again, and the global economic outlook remains fragile, it appears that parts of Asia-Pacific are growing again and globally, export orders are looking better. In fact, the downward trend in FTKvolumes appears to be bottoming out. But there is a great deal of uncertainty. The current volatility of stock markets shows how much the health of the global economy – upon which air cargo depends – remains on a knife-edge,” said Tony Tyler, IATA’s Director General and CEO.

Regional analysis in detail

Asia-Pacific carriers saw a slight fall in FTKs of 1.5% in November compared to November 2014, and capacity expanded 3.2%. Compared to October, volumes expanded by a strong 1.9%. Over recent months, the declining trend in volumes has halted. Better demand in advanced economies is driving export growth in some countries, particularly in Japan.

European carriers reported weaker demand in November, down 2.0% compared to a year ago, and capacity rose 2.2%. Comparing November to October, the trend was flat, but there are indications that stronger manufacturing and export orders could support air freight demand in the coming months.

North American airlines experienced a fall of 3.2% year-on-year and capacity grew 5.8%. The market remains hard to read. A 0.4% expansion compared to October indicates that air cargo could be recovering. But export indicators are poor, making it hard to be optimistic for the coming months.

Middle Eastern carriers saw demand expand by 5.4%, and capacity rise 9.2%. Although the Middle East led the way as the only market showing positive growth, the rate fell to less than half the 11.9% average growth for the year-to-date. Falls in the oil price are impacting some economies in the region.

Latin American airlines reported a decline in demand of 6.4% year-on-year, and capacity expanded 1.9%. Few positive signals emerged from the markets in this region, with economic and political conditions in Brazil particularly weak. The comparison with October also showed a 1.4% contraction and air cargo demand appears to be mirroring weaker consumer confidence.

African carriers experienced a fall in demand of 6.0%, and capacity rose by 6.6%. Africa remains one of only three regions (with Asia-Pacific and Middle East) to record positive year-to-date growth for 2015. Demand is holding up despite the underperformance of Nigeria and South Africa.

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