

## DHL shifting trends for air freight as holiday season approaches

A Monitor Report

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Singapore : The DHL Air Freight State of the Industry report is now available which shows the latest developments of the global air freight market in a monthly analysis by DHL Global Forwarding.

The report says, during the pre-pandemic years, the period starting from October towards the end of the year would see a burgeoning surge of air cargo demand and rates due to the approaching holiday season.

However, the air freight front in October 2022 shows almost no signs of a fourth quarter cargo surge. Certainly, the belief that 2022 would see the normalisation of trading patterns after two years of Covid-19 disruption looks premature.

The global average inflation rate for 2022 is expected to be around 9 per cent. The soaring inflation is forecasted to last well into 2023, with "reduced purchasing power likely to create lesser demand/volumes".

Presently, the global demand outlook is deteriorating. For example, Airport Authority Hong Kong (AAHK) said cargo throughput at Hong Kong International Airport (HKIA) in September 2022 fell 25 per cent as compared to 2021.

Despite low volumes in demand globally, trans-Atlantic air trade volumes remain comparatively stronger than most markets, which is a positive sign from a global perspective.

There has been a substantial fall in rate levels as shippers shift mode of transport from air shipments to ocean freight as the reliability of vessel schedule continues to improve, the report added.

Lockdowns will continue to impact supply chains in China, with. The latest restrictions hit key manufacturing hubs in Ningbo, Shanghai and Tianjin, with Ningbo in particularly affected during October.

The outlook from key markets is also less than inspiring for air freight stakeholders.

Nomura expects the Europe area, which is suffering from surging energy prices, to be in recession from Q4 2022 until the end of 2023. The analyst firm also forecasts that a U.S. recession will begin this quarter.

Global overall capacity is up by 18 per cent for October 2022 versus 2021, while PAX capacity sees a 23 per cent year-on-year increase, will continue to improve due to high travel demand.

"In Asia, we're now seeing Cathay ramping up its flights and we're expecting fewer space constraints out of China following Golden Week," said Kelvin Leung, CEO, DHL Global Forwarding Asia Pacific.