

IATA lowers expectations for cargo revenues, yields

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Dhaka: IATA has lowered its expectations for air cargo revenues and yields for 2023 while capacity grows and demand weakens.

In its latest airline profitability report, the airline association predicted cargo revenues of USD 142.3 billion in 2023, which is 31.3 per cent down from 2022 and behind the USD 149.4 billion that was previously expected.

Meanwhile, cargo yields are expected to be 28.6 per cent behind 2022, worse than the 23 per cent fall IATA predicted at the World Cargo Symposium in April.

“Yields will be negatively impacted by two factors: the ramping-up of passenger capacity which automatically increases available belly capacity for cargo and the potential negative effects on international trade of economic cooling measures introduced to fight inflation,” IATA said.

However, the airline association also pointed out that both revenues and yields remained far above pre-Covid levels.

Figures provided by the association show that cargo revenues stood at USD 100.8 billion in 2019, USD 140.4 billion in 2020, USD 210 billion in 2021 and USD 207 billion in 2022.

Yield increases of 54.7 per cent were recorded in 2020, 25.9 per cent in 2021 and 7.4 per cent in 2022.

Meanwhile, cargo traffic in cargo tonne km terms is expected to decline by 3.8 per cent from 2022 and by 5.5 per cent compared to 2019.

Cargo tonnages have experienced 13 months in a row of year-on-year declines since March 2022 while capacity has been steadily increasing due to the restart of passenger operations.

“One of the main drivers behind the growth in available cargo tonne km (ACTKs) has been the recovery in bellyhold capacity as passenger aircraft return to service in various markets,” said IATA.

“Nevertheless, global capacity has still not returned to its pre-Covid levels. In the first quarter of 2023, seasonally adjusted ACTKs were 6.4 per cent lower than in Q1 2019.”

Air cargo revenues are also affected by lower ocean freight rates, which have seen cargo shift back to box shipping after a Covid-related boost for air cargo.

While the cargo market continues to face mounting pressure, the overall airline industry’s profit forecast was doubled from IATA’s initial projection to a net profit of USD 9.8 billion in 2023.

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