

July air cargo demand only 0.8pc below last year's levels

- A Monitor Desk Report

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Dhaka: July 2023 air cargo demand was tracking just 0.8 per cent below the last year's levels, as per the data released by International Air Transport Association (IATA) for global air cargo markets.

This shows a continuing trend of recovering growth rates since February. Although demand is now basically flat compared to 2022, this is an improvement on recent months' performance that is particularly significant given declines in global trade volumes and rising concerns over China's economy.

About the recovery, Willie Walsh, Director General, IATA, said, "Compared to July 2022, demand for air cargo was basically flat. Considering we were 3.4 per cent below 2022 levels in June, that is a significant improvement."

Global demand, measured in cargo tonne-kilometers (CTKs), tracked at 0.8 per cent below July 2022 levels (-0.4 per cent for international operations). This was a significant improvement over the previous month's performance (-3.4 per cent).

Capacity, measured in available cargo tonne-kilometers (ACTKs), was up 11.2 per cent compared to July 2022 (8 per cent for international operations). The strong uptick in ACTKs reflects the growth in belly capacity (29.3 per cent year-on-year) due to the summer season.

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It may be mentioned here that, in July, both the manufacturing output Purchasing Managers Index or PMI (49.0) and new export orders PMI (46.4) were below the critical threshold represented by the 50 mark, indicating a decline in global manufacturing production and exports.

Walsh further added, "Many fundamental drivers of air cargo demand, such as trade volumes and export orders, remain weak or are deteriorating. There are growing concerns over how China's economy is developing. At the same time, we are seeing shorter delivery times, which is normally a sign of increasing economic activity. Amid these mixed signals, strengthening demand gives us good reason to be cautiously optimistic."

Asia-Pacific airlines saw their air cargo volumes increase by 2.7 per cent in July 2023 compared to the same month in 2022. This was a significant improvement in performance compared to June (-3.3 per cent). Carriers in the region benefited from growth on three major trade lanes: Europe-Asia (3.2 per cent year-on-year growth), Middle East-Asia (up from 1.8 per cent in June to 6.6 per cent in July), and Africa-Asia (returning to double-digit growth of 10.3 per cent year-on-year from -4.8 per cent in June).

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Additionally, the within-Asia trade lane also performed considerably better in July, with an annual decline of international CTKs at 7.5 per cent compared with the double-digit decreases observed since September 2022. Available capacity in the region increased by 26.0 per cent compared to July 2022 as more belly capacity came online from the

passenger side of the business.

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