

From: [REDACTED]
To: [Manston Airport](#); [Manston Airport](#)
Subject: Deadline 7a
Date: 30 May 2019 20:09:06
Attachments: [IATA - Air Cargo Demand Continues Negative 2019 Trend.pdf](#)
[IATA freight-analysis-apr-2019.pdf](#)

Dear Sirs

Please kindly accept this late submission for Deadline 7a of the IATA Air Freight Market Analysis April 2019 and IATA's Press Release No.24 along with this email.

This IATA Air Freight Market Analysis April 2019 confirms that -

1. Capacity continues to outpace air freight demand (Bottom right of Page 2); and
2. Air Cargo Demand Continues Negative 2019 Trend (Page 1)

Indeed according to Alexandre de Juniac IATA's Director General and CEO quoted in IATA's Press Release No.24 of 29 May 2019 (yesterday).

“April saw a sharp decline in air cargo growth and the trend is clearly negative this year. Cost inputs are rising, trade tensions are affecting confidence, and global trade is weakening. Airlines are adjusting their capacity growth to try and fall into line with the dip in global trade since the end of 2018. It all adds up to a challenging year ahead for the cargo business. Governments should respond by easing trade barriers in order to drive economic activity,”



Air Freight Market Analysis

April 2019

Air cargo volumes fall as market outlook remains soft

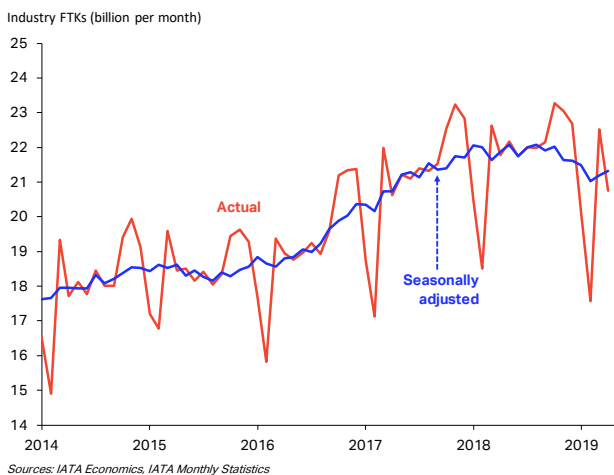
- Industry-wide freight tonne kilometres (FTKs) for April fell by 4.7% compared with their level of a year ago. The monthly outcomes have shown significant volatility over the first half of 2019, although in seasonally adjusted terms, the figures appear to have stabilized.
- At the same time, air freight capacity continues to grow moderately, up 2.6% year-on-year, meaning that the freight load factor is currently 3.5 percentage points lower than a year ago.
- All regions experienced a deterioration in year-on-year FTK growth this month, with the weakest outcomes seen in Europe, the Middle East and Asia Pacific.
- Headwinds continue to confront air freight growth, with leading indicators pointing to further near-term weakness.

Air cargo volumes fall as market outlook remains soft

Industry-wide FTK growth fell again this month, with annual growth remaining in negative territory. FTKs are currently 4.7% lower than their year-ago level, after seeing unchanged year-on-year growth last month (Chart 1).

As we have noted previously, the freight data have particularly volatile in 2019 to date. The timing of both Chinese New Year and Easter have contributed to these outcomes, clearly evident in the 'actual' (unadjusted) data series shown on Chart 1.

Chart 1: FTK levels, actual and seasonally adjusted



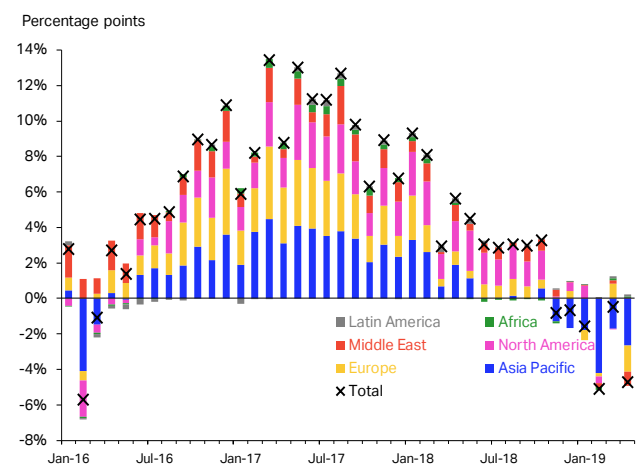
With that in mind, the seasonally-adjusted (SA) series shown above is designed to remove the impact of such regular variations. On this basis, and despite also showing a slight uptick this month, air freight

volumes are down 2.5% over the past year, remaining at around their level of mid-2017. Since their most recent peak in August 2018, freight volumes are down more than 3%.

This month is the second consecutive improvement in SA levels after the trough in February. Even so, the US-China trade dispute has continued to weigh upon the world trade outcomes and outlook, evidenced by the weakness in recent activity out of important air freight hubs such as Hong Kong and Shanghai.

The small positive contributions to annual FTK growth from Africa and Latin America in April were more than offset by worsening performances in the other larger regions (Chart 2).

Chart 2: Regional contributions to yoy FTK growth



Air freight market overview - April 2019

	World share ¹	April 2019 (% year-on-year)				% year-to-date			
		FTK	AFTK	FLF (%-pt) ²	FLF (level) ³	FTK	AFTK	FLF (%-pt) ²	FLF (level) ³
TOTAL MARKET	100.0%	-4.7%	2.6%	-3.5%	46.3%	-2.9%	3.0%	-2.8%	46.4%
International	87.5%	-5.4%	1.7%	-3.9%	51.6%	-3.4%	2.3%	-3.0%	51.7%

¹% of industry FTKs in 2018

²Year-on-year change in load factor

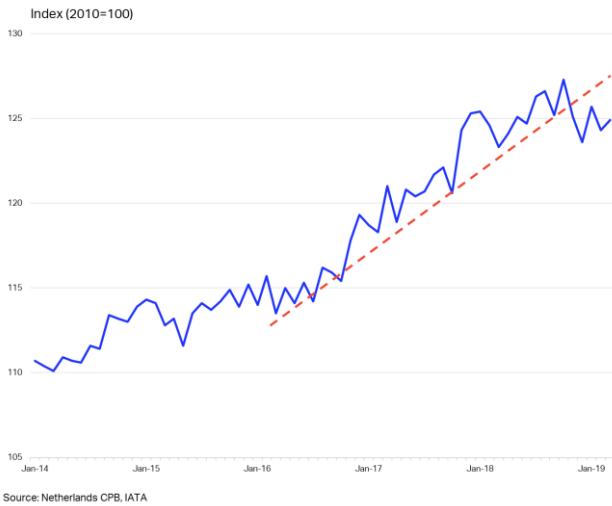
³Load factor level

Despite an uptick, trade volumes remain weak

World trade volumes moved slightly higher this month. But despite this uptick, growth remains below its three-year trend pace, at just 1.3% yoy.

Global trade volumes (Chart 3) have clearly dipped since Q4 2018, breaking the solid upwards trend that had been in place since around mid-2016. Growth in the first quarter of 2019 has stagnated, rising just 0.4% yoy over the same period last year.

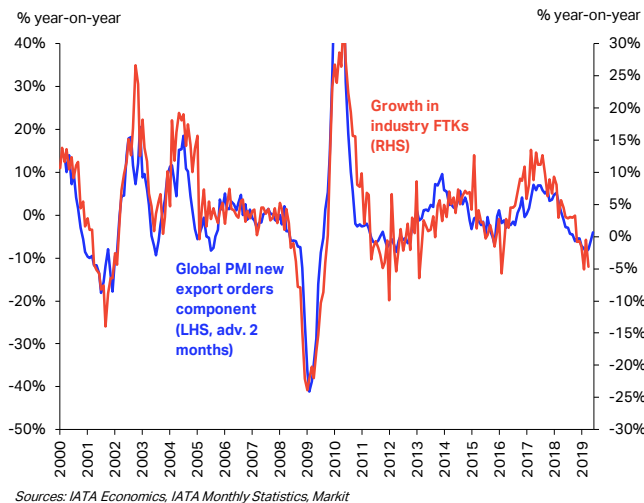
Chart 3: World trade volumes (SA, monthly data)



The latest Purchasing Managers' Index (PMI) figures for new export orders confirm the weakness in world trade. However, the rate of decline in new orders this month (around 4%) is slower than the declines in the first three months of the year, which averaged more than 7%. While a positive development, we are wary of placing too much confidence in a single monthly outcome; the broader story continues to be one of widespread weakness.

In turn, the new export orders measure provides a reliable guide to near-term developments in air freight outcomes (Chart 4).

Chart 4: FTK growth vs. new export orders

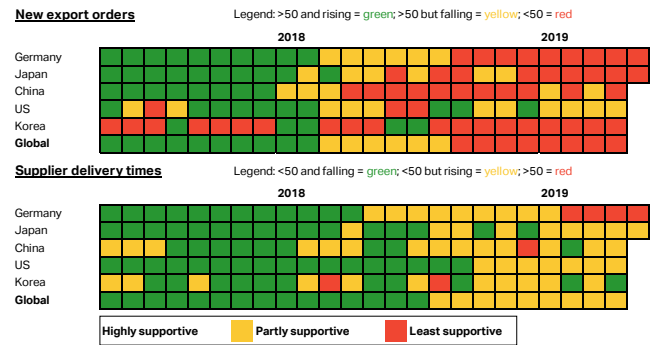


In month-on-month terms, the PMI series has increased only three times in the past 15 months and has been below the key 50-mark (ie within the area normally associated with falling export orders) since September.

The continued weakness is likely to see further subdued annual FTK growth outcomes in coming months.

Furthermore, ongoing escalation in the trade dispute between the US and China is also likely to weigh upon new export orders in the near-term. Uncertainty regarding Brexit, especially with a new British Prime Minister to take office, may result in an increase in export orders as businesses build-up inventory as a precautionary stance, 'just in case'. Any such effect, however, is likely to be temporary and offer only a partial offset to the broader weakness (Chart 5).

Chart 5: FTK demand heat-map (monthly data from manufacturing PMIs, selected countries)



Capacity continues to outpace air freight demand

Industry-wide capacity, measured by available freight tonne kilometres (AFTKs), increased by a moderate 2.6% year-on-year in April.

Over the course of the past year or so, the rate of capacity growth has slowed from a 6-7% year-on-year pace, as airlines have adjusted to the weaker demand environment.

Even so, annual capacity growth has continued to outpace that of demand for the last 12 months. This has put downwards pressure on the freight load factor, which is currently 3.5 percentage points lower than April 2018.

International FTK growth lags overall industry

The international air freight market (which accounts for approximately 87% of total global FTKs) fell slightly faster than the overall industry pace over the year to April, by 5.4%.

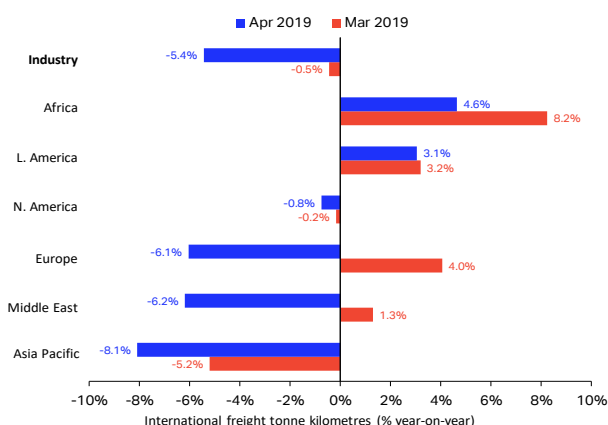
As with the total industry figure, after a relative reprieve in March, growth has returned close to the 5.4% year-on-year fall recorded in February.

Growth in international freight capacity has also lagged that of international demand, which resulted in the international freight load factor falling by 3.9 percentage points over the past year.

Africa and Latin America have maintained positive growth in international FTKs, albeit at a slower pace than that observed last month.

Asia-Pacific and North America have seen their growth trend worsen, and Europe and the Middle East have returned to negative (annual growth) territory (Chart 6).

Chart 6: International FTK growth



Sources: IATA Economics, IATA Monthly Statistics

Asia Pacific remains in contractionary territory...

The strong downward trend in international FTKs flown by Asia Pacific airlines continued in April, for the 6th consecutive month, down 8.1% compared with the level of a year ago.

With the region accounting for around 32% of total international FTKs, this weakness is an important contributor to the weak industry-wide outcome.

As the world's main manufacturing and assembly hub, the latest round of US tariffs will likely negatively impact sentiment and activity in the region further, although the latest escalation is unlikely to have come as a surprise to many.

...while Africa shows continued momentum

As in March, Africa is the strongest performer on the international market segment in April, with FTKs currently up 4.6% year-on-year. The relatively small market size (~1.5% of total international FTKs) helps to explain both the outsized month-to-month volatility and limits the overall contribution of the region to the industry-wide total.

Looking through this volatility, following strong growth in late 2016 and into 2017 which was only partly unwound last year, SA international FTKs for the African carriers are still more than 30% higher than their level of three years ago.

More regions experience deteriorating outcomes...

After a short-lived improvement last month (revised growth of 4%), air freight volumes fell sharply on this occasion, down 6.1% year-on-year in Europe.

The weakness observed in the German export orders data noted above, along with a generally subdued pace of activity in a number of the region's key economies and the ongoing lack of clarity around Brexit are all factors likely to weigh upon air freight outcomes going forward. Further, trade linkages data have suggested that a considerable number of European firms have felt the indirect effects of the US-China trade tensions and the broader downturn in world trade volumes over recent months.

Latin America – which accounts for 2.2% of the total international market – recorded a third consecutive positive annual FTK growth rate this month, with freight volumes currently up a modest 3.1% on their level of a year ago. The outlook for the key Brazil economy is for moderate growth in 2019, although structural imbalances and regional social unrest may pose challenges for air freight over the months ahead.

For North America and the Middle East, the latest outcomes are weaker, with annual growth of -0.8% and -6.2% year-on-year, respectively.

In SA terms, growth in freight volumes for the North American airlines has been easing for much of the past 15 months to 1.9% in April.

As a result, a downwards trend has emerged, despite the solid domestic economic performance and a more accommodative monetary policy stance. Global headwinds are likely to continue to impact air freight outcomes in the coming months, especially with the recent escalation in US-China trade tensions.

For the Middle East carriers, following signs of an improvement in SA air freight volumes in Q2 and Q3 of 2018, a downwards trend has established itself in the period since. While also impacted by the global headwinds, region-specific challenges, including the impact of structural changes in the industry, have contributed to a challenging business environment. Looking at the market-level data (segment basis), freight volumes to and from Europe and Asia Pacific are growing, but a double-digit decline for the key North America market highlights some of the issues facing the region's carriers.

IATA Economics
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 27 May 2019

Air freight market detail - April 2019

	World share ¹	April 2019 (% year-on-year)				% year-to-date			
		FTK	AFTK	FLF (%-pt) ²	FLF (level) ³	FTK	AFTK	FLF (%-pt) ²	FLF (level) ³
TOTAL MARKET	100.0%	-4.7%	2.6%	-3.5%	46.3%	-2.9%	3.0%	-2.8%	46.4%
Africa	1.7%	4.4%	12.6%	-2.9%	37.4%	1.4%	10.8%	-3.4%	37.1%
Asia Pacific	35.4%	-7.4%	-0.1%	-4.1%	51.8%	-7.0%	0.9%	-4.3%	50.4%
Europe	23.4%	-6.2%	4.2%	-5.5%	49.6%	-1.4%	4.6%	-3.2%	52.2%
Latin America	2.6%	5.0%	18.7%	-4.3%	32.5%	3.0%	11.8%	-2.7%	31.2%
Middle East	13.3%	-6.2%	0.7%	-3.4%	45.8%	-1.6%	2.9%	-2.1%	46.3%
North America	23.7%	0.1%	2.5%	-1.0%	40.5%	0.4%	2.4%	-0.8%	40.6%
International	87.5%	-5.4%	1.7%	-3.9%	51.6%	-3.4%	2.3%	-3.0%	51.7%
Africa	1.6%	4.6%	12.9%	-3.0%	38.1%	1.8%	10.9%	-3.4%	37.9%
Asia Pacific	31.4%	-8.1%	-1.0%	-4.5%	58.4%	-7.7%	-0.3%	-4.5%	57.0%
Europe	23.0%	-6.1%	2.9%	-4.9%	51.9%	-1.2%	4.1%	-2.9%	54.0%
Latin America	2.2%	3.1%	20.8%	-6.9%	40.1%	1.8%	13.6%	-4.5%	39.4%
Middle East	13.3%	-6.2%	-0.5%	-2.8%	46.7%	-1.6%	2.7%	-2.1%	46.8%
North America	15.9%	-0.8%	2.0%	-1.3%	48.4%	-0.5%	1.1%	-0.8%	48.7%

¹% of industry FTKs in 2018

²Year-on-year change in load factor

³Load factor level

Note: the total industry and regional growth rates are based on a constant sample of airlines combining reported data and estimates for missing observations. Airline traffic is allocated according to the region in which the carrier is registered; it should not be considered as regional traffic. Historical statistics are subject to revision.

Get the data

Access data related to this briefing through IATA's Monthly Statistics publication: www.iata.org/monthly-traffic-statistics

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Press Release No.: 24

Date: 29 May 2019

Air Cargo Demand Continues Negative 2019 Trend



Translations:

[La demande du secteur du fret poursuit sa tendance négative en 2019 \(pdf\)](#)

[Continúa tendencia negativa de 2019 en el sector de carga aérea \(pdf\)](#)

[IATA 올해 국제 항공화물시장조사 4월 결과 발표 \(pdf\)](#)

Seoul - The International Air Transport Association (IATA) released data for global air freight markets

showing that demand, measured in freight tonne kilometers (FTKs), fell 4.7% in April 2019, compared to the same period the year before. This continued the negative trend in year-on-year demand that began in January.

Freight capacity, measured in available freight tonne kilometers (AFTKs), grew by 2.6% year-on-year in April 2019. Capacity growth has now outpaced that of demand for the last 12 months. Air cargo volumes have been volatile in 2019, due to the timing of Chinese New Year and Easter, but the trend is clearly downwards, with volumes around 3% below the August 2018 peak.

Brexit-related trade uncertainty in Europe and trade tensions between the US and China, have contributed to declining new export orders. In month-on-month terms, export orders have increased only three times in the past 15 months and the global measure has been indicating negative export demand since September. The continued weakness is likely to lead to further subdued annual FTK growth in coming months.

"April saw a sharp decline in air cargo growth and the trend is clearly negative this year. Cost inputs are rising, trade tensions are affecting confidence, and global trade is weakening. Airlines are adjusting their capacity growth to try and fall into line with the dip in global trade since the end of 2018. It all adds up to a challenging year ahead for the cargo business. Governments should respond by easing trade barriers in order to drive economic activity," said Alexandre de Juniac, IATA's Director General and CEO.

APRIL 2019 (% YEAR-ON-YEAR)

WORLD SHARE1

FTK

AFTK

FLF (%-PT)

2

FLF (LEVEL)

3

APRIL 2019 (% YEAR-ON-YEAR)	WORLD SHARE1	FTK	AFTK	FLF (%-PT) 2	FLF (LEVEL) 3
Total Market	100.0%	-4.7%	2.6%	-3.5%	46.3%
Africa	1.7%	4.4%	12.6%	-2.9%	37.4%
Asia Pacific	35.4%	-7.4%	-0.1%	-4.1%	51.8%
Europe	23.4%	-6.2%	4.2%	-5.5%	49.6%
Latin America	2.6%	5.0%	18.7%	-4.3%	32.5%
Middle East	13.3%	-6.2%	0.7%	-3.4%	45.8%
North America	23.7%	0.1%	2.5%	-1.0%	40.5%

1- % of Industry FTKs in 2018

2- Year-on-year change in load factor

3- Load factor level

Regional Performance

Asia-Pacific, Europe and Middle East suffered sharp declines, while Africa, Latin America and North America experienced modest increases in growth in April 2019.

- Asia-Pacific airlines** saw demand for air freight contract by 7.4% in April 2019, compared to the same period in 2018. This was the sixth consecutive month of falling demand in the region, where international volumes are down 8.1% compared with the level of a year ago. As the world's main manufacturing and assembly hub, the latest round of US tariffs is likely to negatively impact sentiment and activity in the region further. Capacity fell 0.1%.
- North American airlines** saw demand increase by 0.1% in April 2019, compared to the same period a year earlier. International FTKs, however, fell 0.8%. Despite solid domestic economic performance, global headwinds are likely to impact air freight outcomes in the coming months, especially with the recent escalation in US-China trade tensions. Capacity increased by 2.5% over the past year.
- European airlines** posted a sharp 6.2% decrease in freight demand in April 2019 compared to the same period a year earlier. Weakness in German export orders, along with subdued economic growth and the ongoing lack of clarity around Brexit are all factors weighing upon air freight outcomes. Capacity increased by 4.2% year-on-year.
- Middle Eastern airlines'** freight volumes decreased 6.2% in April 2019 compared to the year-ago period. Capacity increased by 0.7%. Air freight volumes have been declining since the fourth quarter of 2018. Freight volumes to and from Europe and Asia Pacific are growing, but a double-digit decline for the key North America market highlights some of the issues facing the region's carriers.
- Latin American airlines** experienced an increase in freight demand growth in April 2019 of 5.0% compared to the same period last year—a third consecutive month of positive FTK growth. Future growth in the region will be heavily influenced by the health of the Brazilian economy. Capacity increased by 18.7%.

- **African carriers** posted growth in April 2019 of 4.4% compared to the same period a year earlier. The strong FTK growth in late 2016 and into 2017 has been only partly unwound, and international FTKs for African carriers are still more than 30% higher than their level of three years ago. Capacity grew 12.6% year-on-year.

Read the full [Freight Analysis for April](#) (pdf)

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Notes for Editors:

- IATA (International Air Transport Association) represents some 290 airlines comprising 82% of global air traffic.
- You can follow us at <https://twitter.com/iata> for announcements, policy positions, and other useful industry information.
- Explanation of measurement terms:
 - FTK: freight tonne kilometers measures actual freight traffic
 - AFTK: available freight tonne kilometers measures available total freight capacity
 - FLF: freight load factor is % of AFTKs used
- IATA statistics cover international and domestic scheduled air freight for IATA member and non-member airlines.
- Total freight traffic market shares by region of carriers in terms of FTK are: Asia-Pacific 35.4%, Europe 23.4%, North America 23.7%, Middle East 13.3%, Latin America 2.6%, and Africa 1.7%.