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## Flat November hits airfreight sector

Global air freight demand plateaued in November 2018 compared to the prior year period due to weakening global economic activity



The International Air Transport Association (IATA) today (8 November) released data for global air freight markets showing that demand, measured in freight tonne kilometers (FTKs), was flat in November 2018, compared to the same period the year before. This was the slowest rate of growth recorded since March 2016, following 31 consecutive months of year-on-year increases.

Freight capacity, measured in available freight tonne kilometers (AFTKs), rose by 4.3 per cent year-on-year in November 2018. This was the ninth month in a row that capacity growth outstripped demand.

While international e-commerce continues to grow, overall demand faced significant headwinds, the IATA said: signs of weakness in global economic activity; a contraction in export order books in all major exporting nations, with the exception of the US; shorter

supplier delivery times in Asia and Europe; weakened consumer confidence compared to very high levels at the beginning of 2018.

"Normally the fourth quarter is a peak season for air cargo. So essentially flat growth in November is a big disappointment," said Alexandre de Juniac, IATA's director general and CEO. "While our outlook is for 3.7 per cent demand growth in 2019, downside risks are mounting. Trade tensions are cause for great concern. We need governments to focus on enabling growth through trade, not barricading their borders through punitive tariffs."

Three of the six regions reported year-on-year demand growth in November 2018 – North America, Middle East and Latin America. Asia Pacific, Europe and Africa all contracted.

Asia-Pacific airlines saw demand for air freight shrink by 2.3 per cent in November 2018, compared to the same

period in 2017. This was the first time since May 2016 that monthly year-on-year demand declined. Weaker manufacturing conditions for exporters and shorter supplier delivery times particularly in China impacted the demand. Capacity increased by 3.1 per cent.

North American airlines posted the fastest growth of any region for the second consecutive month in November 2018 with an increase in demand of 3.1 per cent compared to the same period a year earlier. Capacity increased by 6.3 per cent. The strength of the US economy and consumer spending have helped support the demand for air cargo over the past year, benefiting US carriers.

European airlines experienced a contraction in freight demand of -0.2 per cent in November 2018 compared to the same period a year earlier. Capacity increased by 3.1 per cent year-on-year. Weaker manufacturing conditions for

exporters, and shorter supplier delivery times particularly in Germany, one of Europe's key export markets, impacted demand.

Middle Eastern airlines' freight volumes expanded 1.7 per cent in November 2018 compared to the same period a year earlier. Capacity increased by 7.8 per cent over the same period. Seasonally-adjusted international air cargo demand has now trended upwards for the past six months helped by stronger trade to/from Europe and Asia.

Latin American airlines' freight demand rose 3.1 per cent in November 2018 compared to the same period in 2017. Capacity increased by 2 per cent. International year-to-date demand recovered into positive territory, increasing 6.3 per cent. The key markets, however, to and from the region are showing signs of weakness, particularly between South America and Europe, which contracted in year-on-year terms in October (last data available).

African carriers saw freight demand decrease by 7.8 per cent in November 2018, compared to the same month in 2017. This was the eighth time in nine months that demand contracted. Capacity shrank 7.4 per cent year-on-year. Demand conditions on all key markets to and from Africa remain weak. Seasonally-adjusted international freight volumes are 7 per cent lower than their peak in mid-2017, nonetheless, they are still 28 per cent higher than their most recent trough in late-2015.