



# Rates rise to 2024 high despite tonnage dip

Global air cargo spot rates rose to new 2024 highs in the first few days of October despite a dip in worldwide tonnages linked to national holidays in China and disruptions to air traffic in the Middle East caused by the increased tensions in the region.

As expected, September's global air cargo demand growth showed signs of easing a little, up +9% year-on-year, reflecting the strong peak in demand which commenced in September 2023. The latest monthly volumes, however, were sustained by persistent e-commerce demand, ocean-to-air shift due to container shipping disruptions, typhoon disruptions, and a cargo rush ahead of China's Golden Week holidays (1-7 October).

According to the latest weekly figures and analysis from World ACD Market Data, average worldwide spot rates edged by a further +1%, week on week (WoW), in week 40 (30 September to 6 October) to US\$2.84 per kilo – their highest level this year – thanks to increases from Asia Pacific (+1%), Africa (+2%) and Central & South America (CSA, +5%) origins. And a +2% WoW increase in contract rates from Asia Pacific also helped drive a +2% WoW increase in the worldwide full-market average of spot and contract rates to US\$2.65 per kilo.

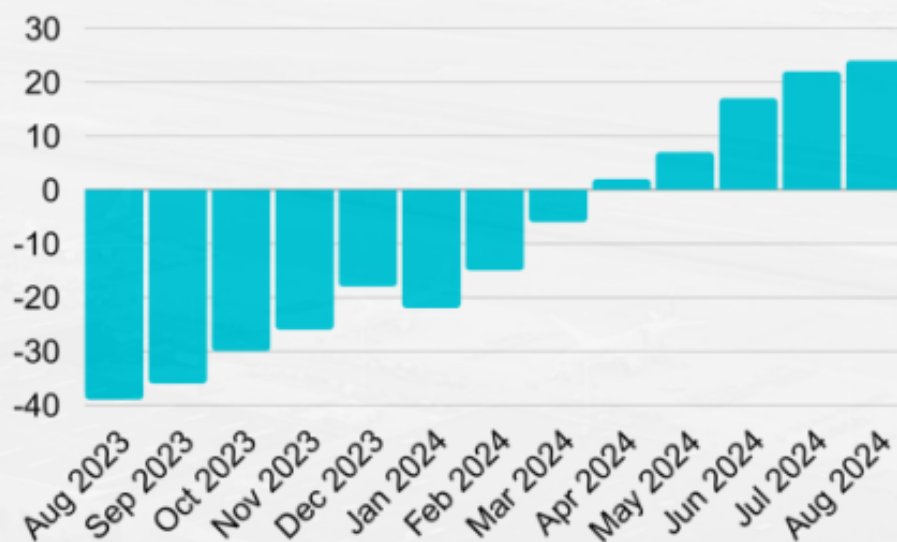
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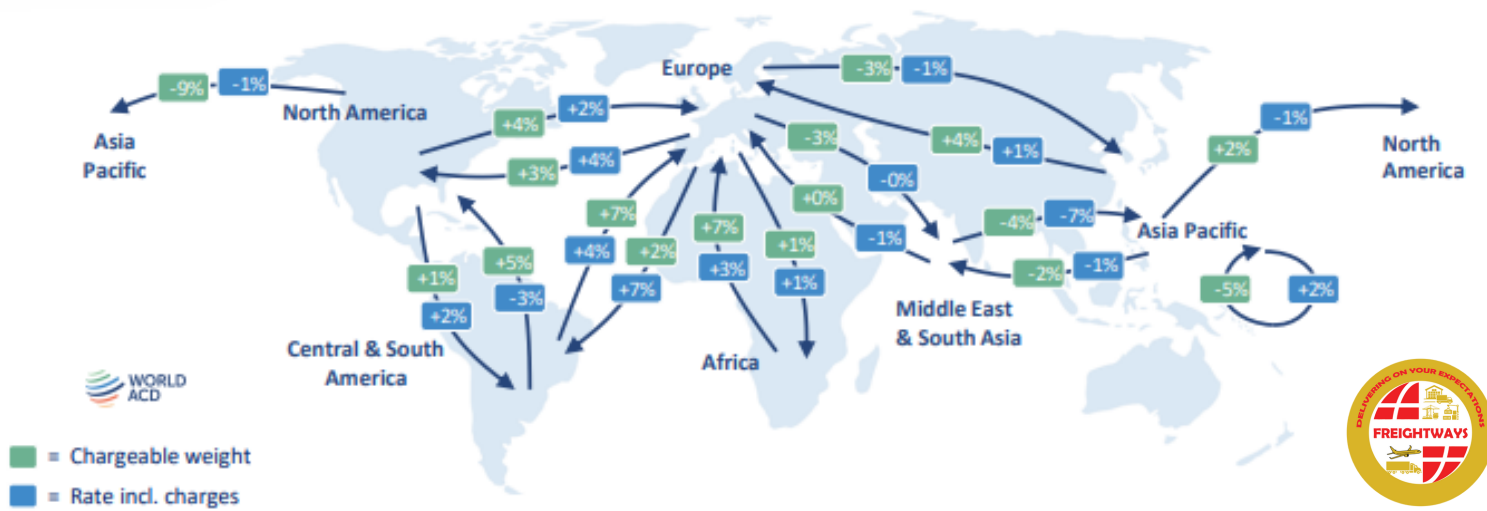
## Asia Pacific Volume Drop

However, tonnages from Asia Pacific origins fell in week 40 by -7%, WoW, mainly due to National Day or Golden Week holidays in China, which this year ran from 1-6 October. Those tonnage drops from Asia Pacific origins explained the majority of the overall worldwide tonnages decline of -5%, WoW, in week 40, although there were also significant WoW tonnage declines from Middle East & South Asia (MESA, -9%), Europe (-4%) and North America (-3%) origins.

Further analysis, based on the more than 450,000 weekly transactions covered by WorldACD's data, indicates that a -14% WoW fall in intra-Asia Pacific traffic was the biggest factor in the -7% WoW drop in Asia Pacific origin tonnages, responsible for more than two-thirds (68%, or -5 percentage points) of that decline. And within that intra-Asia Pacific decline in traffic, intra-Asia tonnages ex-China were down by -21%, WoW.

The Asia Pacific WoW decrease also explains the majority (56%) of the global decrease in tonnages, with the remainder primarily explained by Europe origins (18% share of the global WoW drop) and MESA (15% share of the global WoW drop).





## Middle East & South Asia

Despite the drop in tonnages from MESA origins, air cargo volumes from that region remain up, year on year (YoY), by +9%, and rates by +54% – with spot rates up by +78%, compared with this time last year. That region has been particularly impacted by disruptions to ocean freight capacity and supply chains caused by the attacks on container shipping in the Red Sea, with air cargo capacity within the region also affected last week by flight diversions and air space closures.

Further analysis indicates that a -13% drop in volumes from MESA to North America was the biggest factor within that -9% WoW drop in chargeable weight from MESA origins; indeed, one-third (33%) of the WoW decline ex-MESA was to North America destinations, while 16% of the WoW decline in MESA tonnages in week 40 was due to reductions ex-MESA to Asia Pacific destinations





## What it means for importers & exporters

The crisis in the middle east, end of the national holidays in China and the growth in demand due to the festivities in Q4 will continue to drive spot rates up especially from Europe, Asia and Americas to Africa.

We could see rates rising very quickly on some trade lanes because of the fear-of-missing-out (FOMO) effect as air cargo capacity leaves the market for the winter and conflict is escalating in the Middle East, potentially bringing further Red Sea and airline schedule disruption.

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