

AIR MARKET UPDATE



AIR FREIGHT MARKET OVERVIEW

Market outlook:

Global Air Cargo demand remained on a positive growth path in the last month, increasing 3.9% year-on-year, while international traffic advanced 4.7%. Capacity expanded by only 1.7%, below the pace of demand, lifting the global cargo load factor by 1.0 percentage point to 46.0%. The figures point to a tighter demand-supply balance, although growth moderated from the stronger levels recorded earlier in the year.

Market growth was led by dedicated freighters, whose international traffic increased 13.9% year-on-year, while belly-hold cargo declined 7.0% amid passenger-network disruption. Transpacific demand remained the main source of support, while Europe-Asia growth slowed and several Middle east-linked corridors contracted. At the same time, jet fuel prices rose sharply, reinforcing upward pressure on airline operating costs and freight pricing.

Customer Recommendation:

- Book priority and time-sensitive shipments early, particularly on Transpacific routes and during peak-season periods.
- Maintain routing and carrier flexibility, particularly for Middle east-linked and Asia-Europe shipments affected by network adjustments.
- Closely monitor Fuel Surcharge updates and all-in freight costs, as rising jet fuel prices may drive further airline adjustments.
- Evaluate freighter and belly-hold options by lane, as capacity and performance now differ significantly by operating model.
- Share peak-season forecasts early to improve space protection and reduce exposure to last-minute capacity constraints or rate increases.
- Review procurement decisions at lane level, as regional capacity, load factors and pricing trends remain uneven.

KEY MARKET HIGHLIGHTS

1. Regional Performance:

- North America recorded the strongest regional demand growth at 4.8% year-on-year. Capacity declined 1.5%, lifting the regional cargo load factor by 2.5 percentage points to 41.2%.
- Asia Pacific demand increased 4.1%, while capacity grew 3.0%. International traffic performed more strongly, rising 5.2%, supported by major East-West trade flows.
- European carrier demand increased 4.4%, compared with capacity growth of 1.3%, raising the regional cargo load factor to 51.1% and maintaining a relatively firm market.
- Middle Eastern carrier demand increased only 1.7%, while capacity rose 4.0%. The imbalance reduced load factors, and several Middle East-linked corridors remained under pressure from geopolitical disruption and network adjustments.
- Latin America and Caribbean demand increased 4.1%, but capacity grew faster at 7.0%, reducing the regional cargo load factor to 32.3% and potentially supporting more competitive conditions on selected lanes.
- African carrier demand increased 1.1%, while capacity expanded 4.1%, reducing the regional load factor by 1.4% percentage points to 45.8%.

2. Fuel and rate environment:

- Global Jet Fuel prices increased 12.2% month-on-month to an average of USD 145 per barrel and stood 56.9% above previous year at the same period. Refinery outages, shipping disruption and low middle-distillate inventories kept fuel-related cost pressure elevated.
- Global Air Cargo yields eased from July but remained 24.7% above August 2025, marking a fifth consecutive month of double-digit annual growth and confirming that pricing remains elevated.
- The Jet Fuel crack spread widened 187.4%, showing that refining and middle-distillate constraints, rather than crude oil alone, were the main source of additional airline fuel-cost pressure.
- Dated Brent averaged USD 83.4 per barrel, down 2.5% from July but still 17.5% above August 2025, providing only limited relief to airline operating costs.

3. Key Trade Lanes:

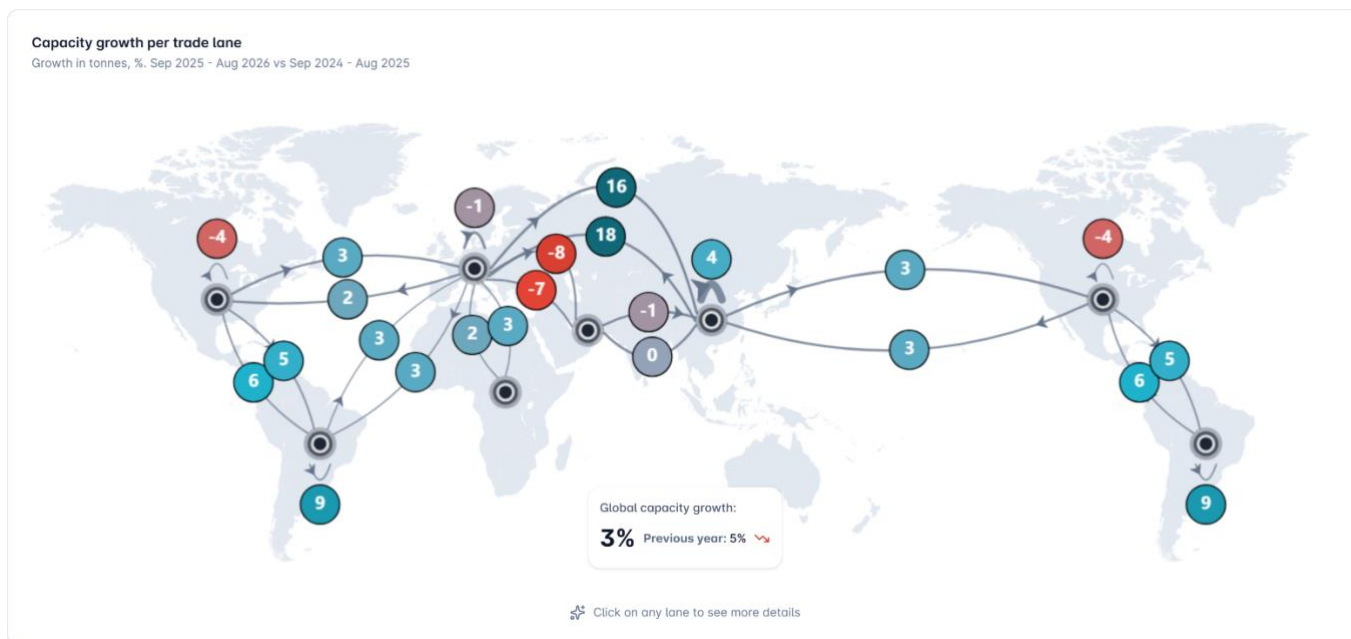
- Asia-North America remained the strongest major corridor, growing 9.2% year-on-year. Dedicated freighter traffic increased 12.2%, making Transpacific the primary source of Global cargo growth.
- Europe-Asia traffic increased 3.1% and extended its positive trend to 41 months, although momentum slowed as freighter traffic declined 1.3% and capacity shifted toward belly-hold operations.
- Europe-North America remained in expansion, supported by both freighter and belly-hold networks, but growth was less pronounced than on the Transpacific corridor.
- Europe-Middle East, Middle East-Asia and Africa-Asia contracted sharply, highlighting continued connectivity risk and the impact of geopolitical disruption on hub-linked traffic.

DEMAND & CAPACITY

ORIGINS	AMERICAS	LATAM	EMEA	INDIA	N. ASIA	S. ASIA

Demand exceeded capacity available. Rates increased.
 Demand higher and or capacity is limited. Rates increasing.
 Both demand & capacity are at normal levels.

AIR CARGO CAPACITY GROWTH (YTD Growth):



AIR CARGO DEMAND GROWTH (YTD Growth):

