

AIR MARKET UPDATE



AIR FREIGHT MARKET OVERVIEW

Market outlook:

Global Air Cargo demand has continued to increase showing a 4.4% demand growth measured year on year, while international traffic advanced 5.3%. Industry capacity dropped by 0.1%, taking global load factor to 46.0%. Capacity tightening amongst North American and European Carriers was partly offset by increased capacity from other carriers.

Fuel is the main pressure on airlines: jet fuel is at USD 192.44 per barrel, well above the USD 152 average IATA assumed for 2026. IATA's full-year forecast of 0.7% CTK growth looks conservative against 4.6% growth year-to-date, but profit forecasts look exposed if fuel stays this high. Expect firm pricing and further surcharge increases through peak season.

Customer Recommendations:

- Book priority and time-sensitive shipments early, particularly on Transpacific routes and during peak-season periods.
- Buenos Aires (EZE) is operating at reduced capacity between 25 Oct to 11 Nov 2026 due to runway maintenance. Long-haul and wide-body flights are most affected, and several carriers are cutting or suspending service. Please consider alternate routes.
- 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 6.6% year-on-year. Capacity declined 2.5%, lifting the regional cargo load factor by 3.6 percentage points to 42.0%.
- Asia Pacific demand increased 4.3%, while capacity grew 1.2%. International traffic performed more strongly, rising 5.5%, supported by major East-West trade flows, with Asia-North America up 13.2%.
- European carrier demand increased 4.1% while capacity fell 3.5%, raising the regional cargo load factor by 3.9 points to 53.0%, the highest of any region, and maintaining a relatively firm market.
- Middle Eastern carrier demand increased only 1.0%, while capacity rose 3.3%. The imbalance reduced the load factor by 1.0 point to 43.1%. Several Middle East-linked corridors remained under pressure from geopolitical disruption and network adjustments, with Middle East-Asia contracting 14.6% and Europe-Middle East falling 15.1%.
- Latin America and Caribbean demand increased 5.1%, ahead of capacity growth of 3.3%, lifting the regional cargo load factor by 0.6 points to 34.9%, though it remained the lowest of any region.
- African carrier demand increased 3.0%, while capacity expanded 14.0%, reducing the regional load factor by 3.9 percentage points to 36.5%

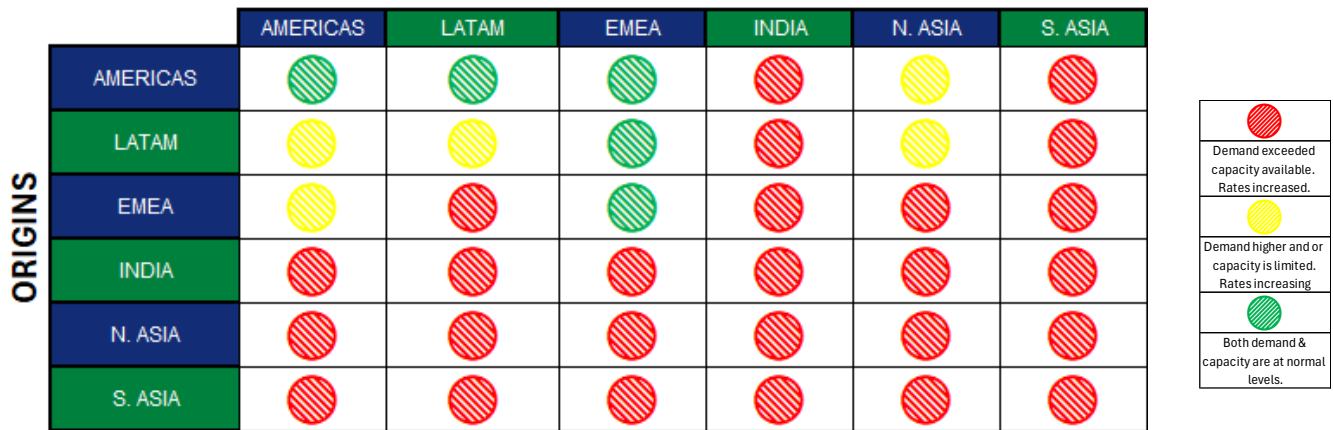
2. Fuel and rate environment:

- Global jet fuel prices rose 1.2% week-on-week to USD 192.44 per barrel in the latest IATA weekly reading. The prior week was 111.2% above the same week a year earlier. Refinery outages, shipping disruption and low middle-distillate inventories kept fuel-related cost pressure elevated.
- Global air cargo yields rose 1.3% month-on-month in August, ending three consecutive months of decline, and stood 24.9% above August 2025, a sixth consecutive month of double-digit annual growth. This confirms that pricing remains elevated.
- The jet fuel crack spread is running at an estimated USD 67 per barrel in mid-October, up from USD 65.8 in August, a four-month high. This shows that refining and middle-distillate constraints, rather than crude oil alone, remain the main source of additional airline fuel-cost pressure.
- Brent spot was USD 115.22 per barrel on 20 October, down from USD 130.03 on 9 October. Crude therefore offers airlines no meaningful relief.

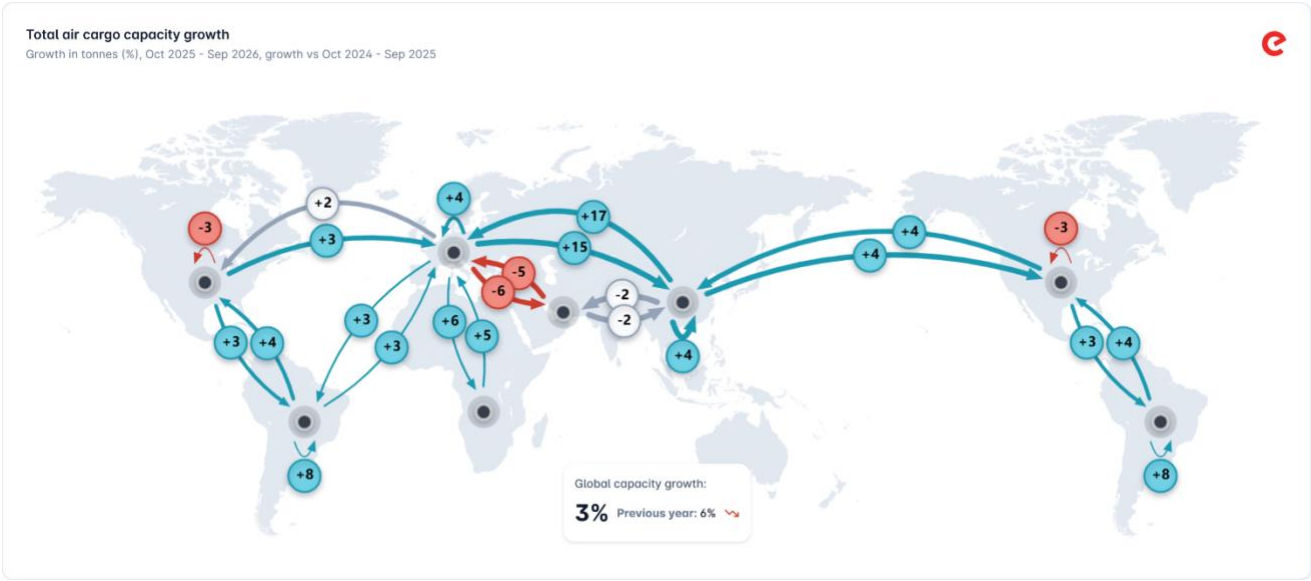
3. Key Trade Lanes:

- **Asia-North America:** Traffic rose 13.2%, with growth accelerating 1.6 points. The corridor has now expanded for seven months, four of them at double-digit rates. In July, IATA put this down to elevated trans-Pacific container rates, constraints at several Chinese hubs and tariff-related front-loading.
- **Europe-Asia:** Growth was 3.1%, unchanged from July but well below the double-digit rates of the preceding 11 months. IATA links the slowdown to the EU's removal of the EUR 150 de minimis duty exemption on 1 July.
- **Middle East:** Middle East-Asia fell 14.6% and Europe-Middle East fell 15.1%. Both declines deepened from July and have now run for six months.

DEMAND & CAPACITY



AIR CARGO CAPACITY GROWTH (YTD Growth):



AIR CARGO DEMAND GROWTH (YTD Growth):

