

News

Air freight in Q1 2018

16 May, 2018 | Share



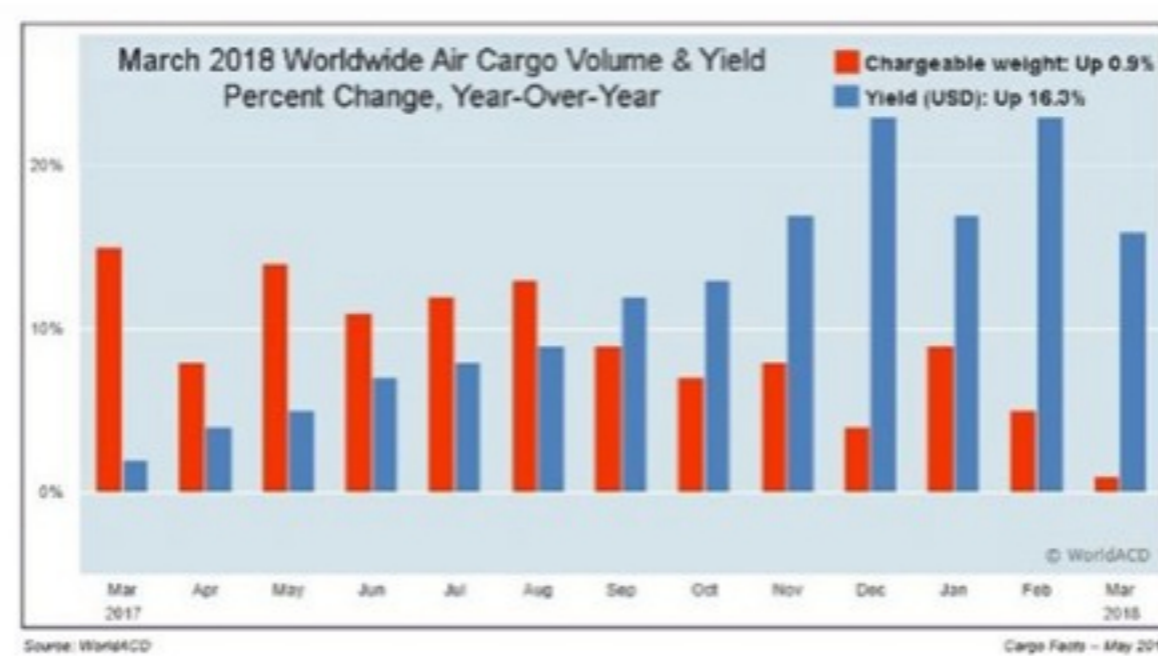
Q1 in 2018 continued to show global growth of air freight across all trade lanes. However, not at the same pace as seen during end of 2017. In fact, March was the first month in 20 consecutive months, where the annual pace of capacity growth exceeded demand.

The market remains optimistic that air cargo demand will grow by 4 to 5% by the end of 2018. But there are obviously some headwinds, as oil prices and particularly the jet fuel prices have risen strongly and the economic growth is unpredictable. The biggest potential threat to the air freight growth is political and specifically posed by protectionism.

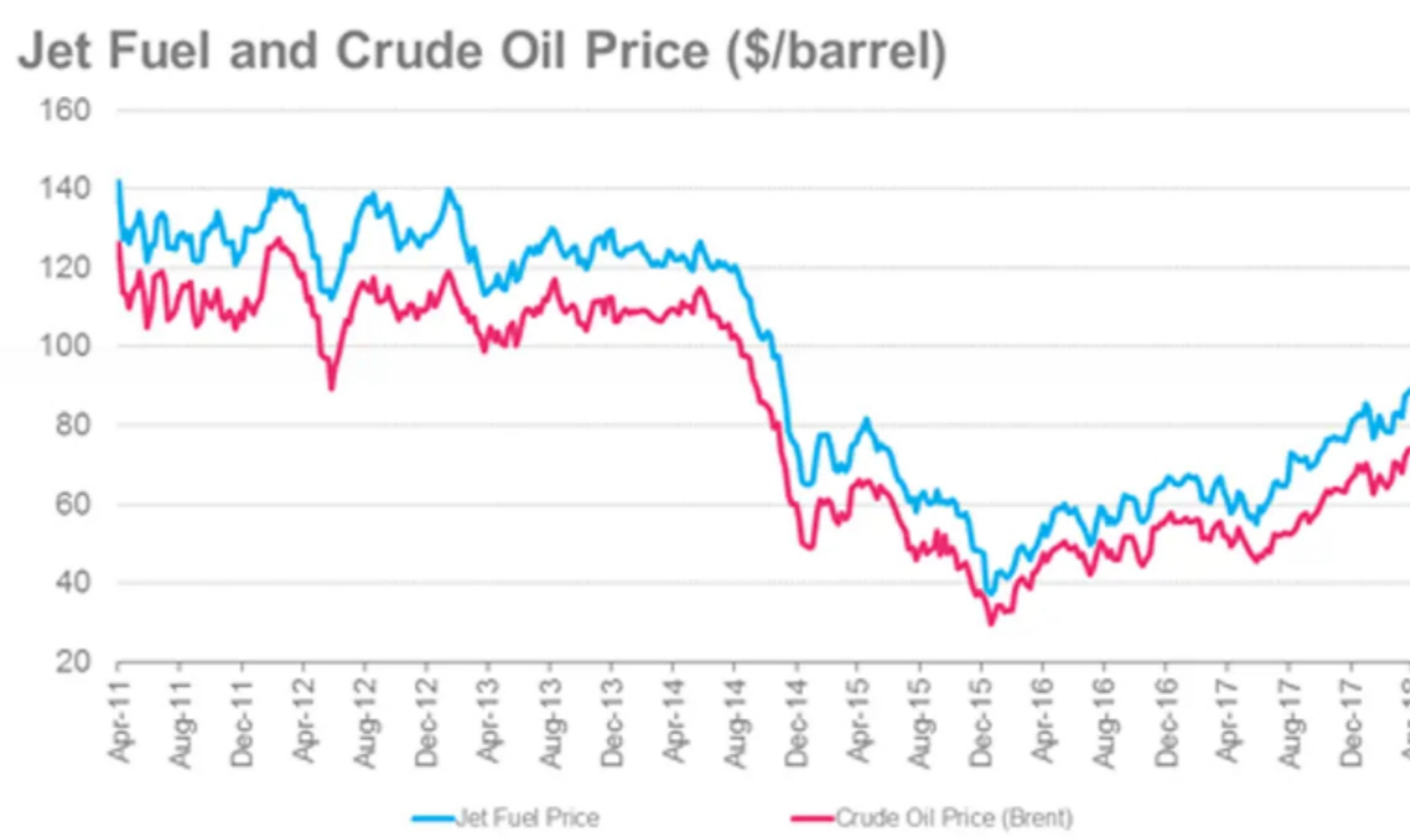
International Air Transport Association (IATA)					
Air Freight Demand Growth Summary, March 2018					
		March		YTD	
		FTK Growth	AFTK Growth	FTK Growth	AFTK Growth
International Freight	Africa	-3.7%	27.7%	6.9%	29.6%
	Asia/Pacific	1.9%	4.9%	6.2%	6.2%
	Europe	0.9%	3.6%	5.6%	4.9%
	Latin America	17.4%	-0.6%	12.0%	4.5%
	Middle East	0.8%	4.9%	4.0%	6.2%
	North America	5.1%	4.1%	7.0%	5.3%
	International Total	2.2%	5.1%	6.0%	6.5%
Total Freight (International + Domestic)	Africa	-3.4%	25.0%	7.2%	26.9%
	Asia/Pacific	0.7%	4.6%	4.9%	4.5%
	Europe	1.0%	3.4%	5.7%	4.5%
	Latin America	15.5%	-2.1%	10.7%	2.2%
	Middle East	0.8%	4.9%	4.0%	6.2%
	North America	3.9%	3.3%	6.1%	4.5%
	Total Market	1.7%	4.4%	5.4%	4.9%

Source: IATA CARGO FACTS – May 2018

The carriers continue to be profitable and on some trade lanes, the capacity remains constraint e.g. EU to US. However, the general 'take it or leave it' attitude from the carriers world-wide is slowly catching up on them. Their appetite to maximize profits over the last 18 months seems to normalize on most markets.



There has been a significant increase of jet fuel prices over the last months as you can read from the graph below, the year-on-year increase is currently up by 46.5%, a cost that has also been passed on by the carriers to the forwarders. Market analysts believe that the trend will not continue upwards but rather stabilize at the current levels in the coming months.



Source: Platts, Oanda

The drivers of growth, now and near future remain within the pharmaceuticals and eCommerce segment. At the Scan Global Logistics air freight team, we foresee a strong June and early July ex Asia to Europe when some of the global fashion brands are ramping up their restocking volumes.

Thanks to our customers, Scan Global Logistics in Denmark and Sweden continue to grow our air freight market share in the Nordics and we are fully committed to deliver an impeccable service and live up to the motto, **when others says 'sorry we cannot' we say 'of course we can'**.

We encourage you to stay close to your regular Scan Global Logistics contacts and thank you for your business and trust in our organization.

Sincerely,

Rickard Ingvarsson, Global Head of Airfreight
Steen Søgaard, Nordic Head of Airfreight

Headquarter

Jernholmen 49, 2650 Hvidovre
Denmark
Tel +45 32 48 00 00
Fax +45 32 48 01 01

Services

- Scan Global Logistics covers all of your logistical needs.
- » Airfreight
- » Ocean Freight
- » Rail Freight
- » Road Freight
- » All services

Industries

- » Aid & Relief
- » Automotive
- » Aviation & Aerospace
- » Energy
- » All industries

About

- Discover Scan Global Logistics here:
- » Contact
- » About us
- » Our locations
- » Career
- » Press and Media

