

Air Freight Market Update March 15 2022

Asia

- N.China: Covid cases in Shanghai continue to worsen with many buildings and areas closing due to quarantine restrictions. PVG airport and two terminals are still operating normally however the situation may change day today. Some factories have already begun shutting down and travel between provinces is becoming restricted. Rates have decreased slightly compared to the previous week and demand may start to slow down. The overall market is fluid as the government continues to monitor the Covid situation closely.
- S. China: Carriers ex-HKG have reduced their flight frequency due to the Covid outbreak and Russia-Ukraine conflict and the overall market demand is soft. Cross-border trucking capacity continues to be very limited and terminals are seeing shortages in manpower. As a result of these issues rates have increased compared to the prior week. The market ex-SZX/CAN is hot as many customers are experiencing cross-border limitations with HKG, resulting in rate increases. Over the weekend, the local government announced new Covid measures effective March 14-20, suspending all manufacturing activities, closing warehouses, and affecting traffic.
- Taiwan: Market capacity is expected to decrease due to maintenance issues for several freighters so rates will likely increase by next week. Demand to SFO, DFW, and ATL continues to be hot. Carriers have also announced fuel increases starting on 3/22.
- SE Asia: The market ex-Thailand is slowly starting to pick up and rates are expected to begin increasing. Some capacity has been suspended due to backlog at transit hubs and aircraft maintenance. Airlines are also starting to increase rates to reflect the increasing fuel surcharge. Demand ex-northern Vietnam remains slow and some factories have been affected due to another wave of Covid. Some carriers have also canceled flights as a result of the lack of cargo and increased fuel price. Demand ex-southern Vietnam is slowly starting to pick up and TPEB rates have increased slightly. Some FEWB capacity has decreased due to the ongoing Russia-Ukraine conflict.

Europe

- Demand steady, a slight increase in comparison to last week. Bigger projects remain on the market as the Transatlantic ocean market is suffering from disruption/congestion
- Rates at a stable high. Where we are seeing the biggest increases are in the fuel surcharges. The IATA Jet Fuel Index is at record high levels, and airlines will pass through the cost.
- Russian airlines are still banned from EU/US airspace. This is causing a decrease in freighter capacity on the TAWB.
- Deferred routings are still providing a viable routing option if already tight lead times can take it. We also see cheaper options on the market to secondary hubs where airlines have regular passenger flights.
- Limited congestion at EU terminals.