

Air Freight Market Update December 21 2021

Asia

- N. China: The market is trending downwards this week due to the Christmas and New Year holidays, however this is likely to be a temporary dip and the market is expected to bounce back in the new year.
- S. China: Like Northern China, the Southern China market is also trending downwards due to the approaching holidays but is anticipated to increase again in the new year.
- Taiwan: The market continues to be very tight and space is sold out for pre-Christmas departures. For TPEB US west coast and east coast SFO and JFK are the most congested destinations, respectively. Overall market capacity is also very limited for the rest of the month.
- SE Asia: Space ex-Northern Vietnam remains tight but is trending slightly better than Southern Vietnam. Demand to the US has decreased slightly but capacity continues to be constrained at all transit hubs. This trend is expected to continue until New Years however rates are maintained at the same levels. Ex-Southern Vietnam backlogs and delays are anticipated for the next two weeks. Heavy congestion at transit hubs continues to be problematic.

Europe

- Demand begins to tail off as we approach Christmas, yet rates are still high from previous weeks demand surges.
- Capacity continues to be more scarce than demand, but the more deferred routings where airlines have passenger capacity is driving some stability in the high rates.
- Congestion is still manageable at AMS, and better in FRA. As usual, the weekends are always busier with export cargo, and any spikes in volume should be mitigated with the contingency plans in place at these airports.
- Advice remains in place ex EU, continue to place bookings early for optimal rates and solutions. Consider smaller batches via air freight, as this is where these rates and solutions can be best optimized.

Americas

- US export demand remains high, but it could potentially slow down during the last days of 2021. Larger shipments from major outbound gateways can take 2 to 4 days from booking to uplift into the EU, LATAM, or Asia.
- US authorities lifted the ban on travelers from the EU in November, and European Airlines have been slowly introducing more bellyhold capacity. Additional capacity has also been deployed into LATAM.
- TPWB and TAEB have not experienced cancellations due to the new COVID variant, but the situation is fluid and it could rapidly change in the upcoming weeks.
- LATAM destinations are experiencing additional congestion due to the holidays and summer break.
- LAX/ORD/JFK ground handlers continue to face backlogs and are using off-airport facilities to manage the flood of inbound cargo, which has a trickle-down effect on the export side. Many have shortened their free time for storage, and have implemented new, earlier close-outs for exports to accommodate longer throughput times and screening requirements.
- Rates to Latam, Europe and Asia have seen seasonal increases, and will remain at these levels until the end of December.
- Slightly higher transit times into top European hubs due to the current influx of cargo arriving to their terminals.
- Recommendation Book early considering the current dwell time at airports.
- Fuente: 2021 Flexport Inc