

Air Freight Market Update January 11 2022

Asia

- N. China: The market is fairly quiet for the week, and carriers are eager for volume. However, due to Covid issues in Hong Kong, it is possible that some cargo will be routed through North China and may lead to an increase in demand in the second half of January.
- S. China: Numerous flights on the TPEB lane ex-South China were cancelled in Week 1 with possible extensions into Weeks 2 and 3 after airline crew members tested positive for Covid-19. For the FEWB market, rates have decreased this week and market capacity is relatively sufficient compared to the prior week. Destination terminal congestion has improved due to the drop in demand from the holiday period.
- Taiwan: Demand started off low in the market, but is starting to pick up before the Lunar New Year holiday. Space to SFO continues to be in high demand.
- SE Asia: Demand ex-Vietnam has dropped slightly after the holiday period with TPEB rates showing a decreasing trend. Carriers still prefer shipments with loose cartons over pallets. For Thailand, most factories resumed production this week. Demand ex-BKK is picking up but is still below volumes from the previous month. Some airlines have also slightly reduced rates from the week prior.

Europe

- Demand remains to be calm this week, and the rates have fallen slightly into all N.America destinations. We do expect the slack demand to pick up again in the coming weeks.
- No changes to capacity this week. Omicron is resulting in a few flight cancellations, but there is enough capacity in the market to meet the slack demand.
- Deferred routings where airlines have passenger capacity remain to be an attractive option at a good rate level, if there is room for a longer transit time.
- No congestion reported at key export hubs in Europe.
- 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 rates and solutions can be best optimized.

Americas

- US export demand has slightly softened and capacity is manageable.
- LAX/ORD/JFK terminals have slightly reduced the inbound backlog cargo, which has a positive effect on the export side.
- Larger shipments from major outbound gateways can take 2 to 3 days from booking to uplift.
- The US has experienced some domestic and international flight cancellations and delays due to Omicron.
- Most terminals provide reduced free time for storage, and have earlier close-outs for exports to accommodate throughput times and screening requirements.
- Rates to Latam have decreased after the holidays and summer break, but are still at higher than normal levels. Rates into Europe and Asia are stable compared to previous weeks.
- Congestion at the European hubs is improving which is slightly reducing the average dwell time at destination.