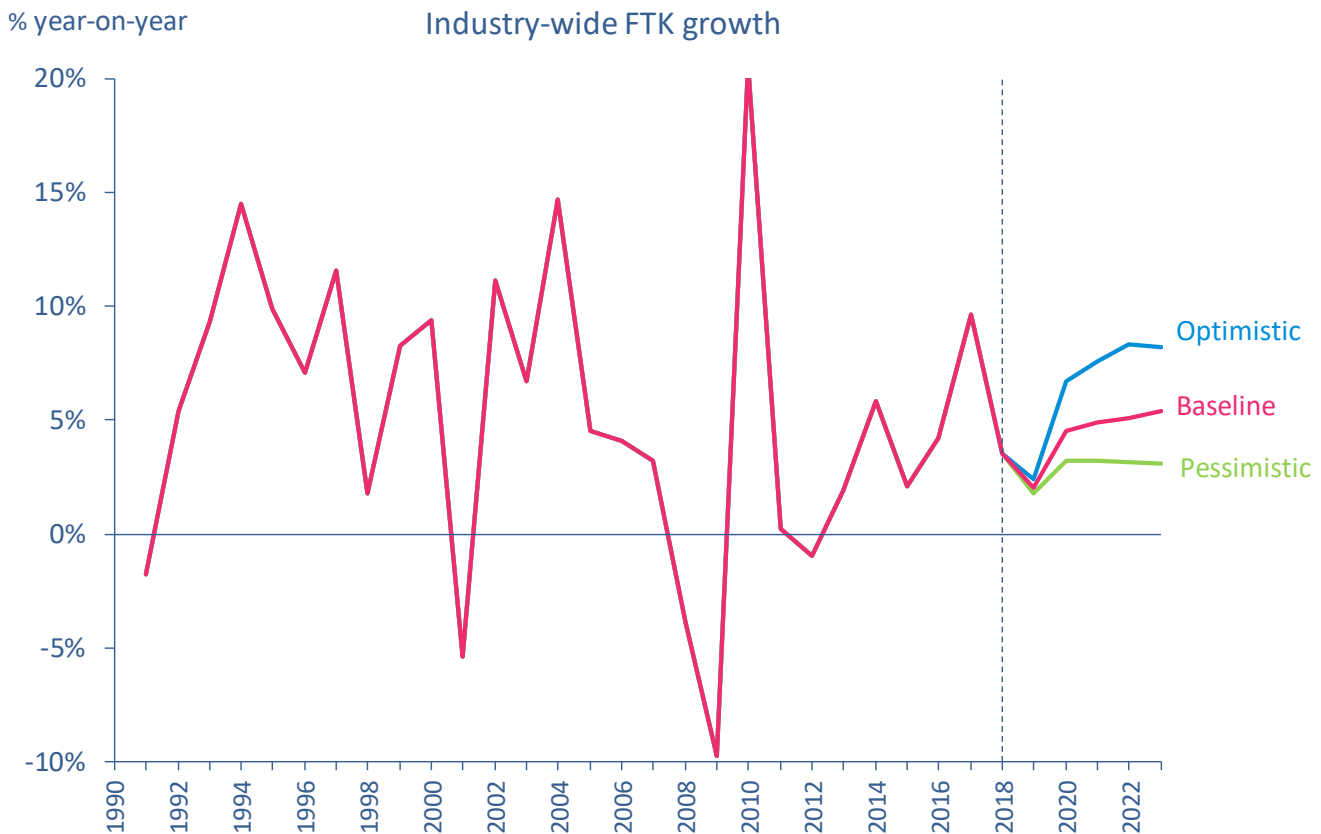




IATA Economics' Chart of the Week

18 March 2019

Weak start this year but air cargo forecast to gain modal share



Source: IATA

- IATA's newly released [5-year forecast](#) for air freight tonne kilometers (FTKs) flown worldwide shows a weak start, with 2019 growth downgraded from December's 3.7% forecast to just 2%, but the following four years anticipate further gains in the share of air cargo over other modes. Average growth over the next 5 years is now forecast at 4.4%.
- The mood, as air cargo leaders met at IATA's [World Cargo Symposium](#) in Singapore last week, was cautious. Not surprising, since worldwide FTKs flown have fallen over the past 3 months, having already not risen on average since January 2018 (see the latest [Cargo Chartbook](#) for analysis). The past year has been challenging for air freight. Initially this was due to the passing of the business restocking cycle which had produced such strong growth in 2017. However, this cyclical weakness was joined at the end of the year, and into early 2019, by the damage from increased tariffs by the US on Chinese imports and vice versa, as well as indications of a modest slowing in global economic activity. Growing by just 2% this year will be a challenge for FTKs given the weak starting point. Our forecast is based on the US and China reaching a deal on trade.
- But the discussions in Singapore also expressed optimism over important structural changes leading to increased use of air cargo over other transport modes by sectors such as the pharmaceuticals industry and retail, with the shift towards e-commerce. For the past 5 years air cargo has grown faster than world trade because of this shift. Our latest [survey of heads of cargo](#) reflected that positive view. We've extended this modal share trend in our baseline forecast, which, if the IMF are right that world trade will now grow at a pace of 3.5-4% a year, would take air cargo growth towards 5% by 2023.

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