

Air freight demand begins to decrease amid global economic turmoil

The strong cargo demand that helped airlines stay afloat during the Covid pandemic is showing signs of softening amid growing economic uncertainty. The latter, in part, has been fuelled by decades high inflation. A potential weakening of the air freight market coincides with growing concern in the aviation industry that a resurging passenger traffic situation, which has reduced airlines' reliance on cargo revenue, may be fleeting.

The Baltic Air Freight Index showed how weekly transactional rates for general cargo fell 8.7% last week, while airline group IATA said on Monday that freight revenue generated by carriers this year would fall by 6.4%.

Edward Bell, an economist at Dubai lender Emirates NBD (ENBD.DU), described consumers and corporates as facing a "kind of vortex of price pressures" that they would increasingly be sensitive to over the rest of the year.



The freight market - both air and ocean - has seen rates skyrocket since the pandemic amid huge capacity cuts that have left limited available space compared to cargo being shipped.

Source: [reuters.com](https://www.reuters.com)

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