

## December 2014: a good end to a good year

By showing a healthy year-over-year (YoY) volume growth, December did what the whole year of 2014 did. Chargeable weight in Dec increased with 6.7%. December yields (in USD) dropped by 5.6%, a very worrisome figure at first sight.

However, two developments should provide the proper perspective here. The worsening exchange rate EUR–USD contributed to an 8.5% USD-yield decrease for cargo originating in one of the largest markets, viz. Europe (measured in EUR, they slightly increased...). And overall yields were seriously influenced by a further drop in fuel surcharges.

Although the yield drop was significant in Asia Pacific as well (-5.9%), it was rather limited in MESA (Middle East & South Asia, -1.1%) and North America (-1.6%). The origins North America and Africa were the best monthly performers in terms of revenue growth, with YoY gains of 7.1% resp. 6.9%.

The full year 2014 was a good year for air cargo. With a volume growth of 6.4% over 2013, and a much smaller change in USD-yield (-1.45%), worldwide revenue increased with 5% after two years of declining revenues. The origin Asia Pacific was above average (+ 6.2% USD-revenue increase), whilst MESA was well below (-0.4%). North America distinguished itself as the fastest growing destination with a revenue increase of 10.9%. Monthly yields decreased YoY in 9 out of 12 months; they went up in June, July and August.

Continuing the trend from previous years, revenues from pharmaceuticals and perishables outpaced the market, with +16.2% and 7.2% respectively. Pharmaceuticals grew in yield as well, (+2%, in Europe even more), more than the 1.2% increase in 2013. But perishable yields dropped by about 3%, double the average of all cargo taken together. The leading origins in both product markets strengthened their position: Africa and Latin America in perishables, Europe and MESA in pharmaceuticals.

Looking at the various country pairs (O&D's), the smaller ones (taken as a group) just outperformed the top-100: 6.5% against 6.1%. Yet, the group of top-20 country pairs did best, with a combined growth of 7.5%. In this group, 3 O&D's showed negative volume growth (Hong Kong to Japan dropped by 6.2%), whilst 9 showed double digit growth, Hong Kong to USA Pacific States being the top dog with 21.9% growth.

The origins South East Europe and North Africa showed a double digit revenue growth of just over 10%.

No surprises when it comes to the performance of airlines, grouped by origin. Although the area Europe grew 5.1% in revenue, the one group of airlines not profiting was from Europe itself. Most of the revenue growth ex Europe was realized by Middle Eastern (+15%) and North American carriers (+11%). In all other origin areas, European airlines' performance was rather flat as well. The Middle Eastern airlines, on the other hand, performed best, for the third year in a row, this time with a YoY revenue growth of 13%. They were the fastest growing airlines in all areas, whilst they were also the only group with a slightly increased yield worldwide. In other words: this specific group of airlines continued their march towards prominence.

Asia Pacific airlines were mixed: large percentage decreases in the smaller markets of Africa and MESA (-19% and -18% respectively) were offset by more than average growth in North America and Europe, and a slightly increasing share of the revenue in their home region. North American airlines joined the European airlines in performing below average in most markets, except Europe (+11%). On their home turf, they registered negative growth of -1%.

The top global forwarders showed much the same pattern as in 2013. In the Top-10, five outperformed the market: Kuehne+Nagel, Expeditors, UPS Global Forwarding, Nippon Express and Kintetsu, the latter showing a growth of well over 10%. The top-20 slightly underperformed the smaller forwarders. As a group, they continued to lose ground in Africa and Latin America, but slightly strengthened their position in the larger markets Asia Pacific and North America.