iXRT

Air Market News by Xeneta

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The Xeneta Air iXRT provides an overview of market movements, the key risks and issues to be aware of and insight on how these may develop in the coming weeks and months.

Topics covered in this iXRT Report include:

- April 2026: air spot rates hit a three-year high due to Iran war
- Ceasefire: immediate relief but full recovery still months away
- Corridor snapshot: Europe–Middle East up 108%; transatlantic bucks the trend at –17%
- Northeast Asia: jet fuel surcharge pass-through arrives with a lag
- China e-commerce: fourth straight monthly decline in March

Global air cargo spot rates surged +30% year-on-year in April, reaching USD 3.34 per kg — their highest since October 2022. Long-term rates (valid for more than one month) rose a more modest 18% year-on-year. The jump has stirred uncomfortable memories of the pandemic era, when supply chains buckled and freight costs soared to eye-watering levels. Yet the parallel has its limits. Unlike the Covid shock, which upended global capacity wholesale, today's constraints are largely regional in character. Potentially more troubling is the fuel picture: limited availability in certain markets and crack spreads — the margin between crude oil and refined jet fuel — have now exceeded the peaks recorded during the pandemic, adding a cost burden that carriers cannot easily absorb or ignore.

There are, however, reasons to believe the situation is stabilizing. Two months into the Middle East conflict, demand grew +2% year-on-year in April, recovering from March's -3%. Global cargo capacity has largely recovered to pre-shock levels, and the jet fuel shortage, though spreading, has yet to grip long-haul intercontinental routes at scale. By the week ending 26 April, global spot rates had climbed to USD 3.46 per kg — up 36% year-on-year and the highest level since September 2022 — but early signs of a plateau are emerging. If capacity holds and jet fuel pressures do not spread further, rates should ease in the weeks ahead.

Ceasefire: relief is real, but full recovery is months away

The US-Iran ceasefire announced in early April brought immediate relief to air freight markets, but a full return to pre-conflict capacity and rates on trades transiting Middle East hubs is likely to still be a few months away.

This has been a supply issue from the start. Bringing air capacity back to these corridors should provide welcome relief for shippers, many of whom are facing continuing severe disruption in ocean supply chains which will take far longer to recover.

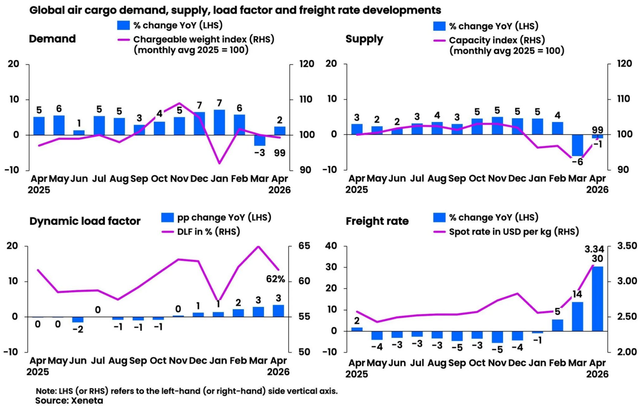
Rates will not fall as fast as they rose. Rebuilding trust takes time: customers need to rediscover carriers, and insurers may still advise against transiting Middle East hubs even after a ceasefire. Carriers have little incentive to lower rates rapidly given the fragile geopolitical environment — Iran's re-closure of the Hormuz Strait within hours of the ceasefire announcement underscored the uncertainty.

Middle East routes bear the heaviest burden

The Middle East conflict continues to distort air freight rates across major corridors, with war-adjacent routes bearing the heaviest burden. Europe to Middle East spot rates hit a new high of USD 3.60 per kg in the week ending 26 April, up 108% on pre-war levels — the largest percentage increase of any corridor. South Asia routes told a similar story: rates to the Middle East and Europe doubled from pre-war levels to USD 2.97 and USD 4.39 per kg respectively, while South Asia to North America rose 70% to USD 6.94 per kg.

There are tentative signs of relief, however. South Asia rates appear to have peaked in the week ending 12 April and edged down by single digits in the final week of April. Southeast Asia corridors have followed, if less dramatically. Spot rates to the Middle East and Europe rose 43% and 61% from pre-war levels to USD 3.78 and USD 5.12 per kg respectively; rates to North America climbed 33% to USD 6.46 per kg. Europe and North America-bound rates from Southeast Asia now appear to be plateauing, though Middle East rates have yet to stabilise.

Global air cargo rate surged +30% year-on-year in April, highest in over 3 years



Northeast Asia: jet fuel surcharges arrive with a lag

Northeast Asia has lagged its neighbours in the rate surge. Outbound rates to the Middle East, Europe, and North America reached new highs of USD 5.25, USD 5.63, and USD 5.54 per kg respectively in the week ending 26 April — yet percentage increases remain modest compared with South and Southeast Asia. In addition to the still-strong semiconductor demand, the rate lag reflects the delayed pass-through of jet fuel surcharges, which track actual fuel price movements with a delay.

Transatlantic: the outlier

The transatlantic corridor stands apart from every other major lane. Europe to North America spot rates fell 17% to USD 2.57 per kg in the week ending 26 April versus pre-war levels — the only major corridor to record a decline. The divergence is instructive: despite rising jet fuel prices, airlines switching to summer schedules have flooded this corridor with additional passenger belly capacity, pushing cargo load factors down ten percentage points month-on-month and dragging rates with them.

This is a reminder that air freight pricing is mainly driven by supply and demand, not cost pressures alone. When capacity expands — as summer belly cargo does seasonally on the North Atlantic — rates respond, regardless of what is happening elsewhere in the market.

China e-commerce: four straight months of decline

China's cross-border e-commerce registered its **fourth straight monthly decline in March 2026**, marking a year-on-year fall of 9% in export values. This continuing contraction reflects the structural impact of changes to de minimis exemptions in the US and tightened regulations in Europe — rule changes that have fundamentally shifted the economics of low-value cross-border e-commerce from China. Exports to the United States have been most severely affected, but flows to Asia Pacific and Europe have also weakened.

The full impact is less clear than the headline numbers suggest. Volumes have undoubtedly dropped, but perhaps to a lesser extent if some e-commerce goods are being consolidated into bulk air freight shipments and therefore not classified as 'low cost'. If consumer appetite in the US and Europe for low-cost goods from China remains strong, this consolidation approach may be viable despite increased supply chain complexity and cost. A more damaging scenario would be a simultaneous switch from B2C to B2B2C models combined with a modal shift from air to ocean — sacrificing the speed of air freight while also increasing costs through holding large inventories. Whether that structural shift is underway remains one of the more important medium-term questions for air freight demand.

Looking ahead

The near-term outlook for air freight is contingent on the trajectory of the Middle East situation and the durability of the ceasefire.

Ceasefire holds and capacity restores: If Gulf airlines restore scheduled services and passenger confidence recovers, rates on affected corridors should normalise progressively. Falling jet fuel prices would accelerate the process. A demand picture that returned +2% year-on-year in April despite the conflict provides an encouraging baseline.

Ceasefire proves fragile or recovery stalls: If passenger confidence remains suppressed and Gulf carriers cannot restore viable load factors, capacity will remain constrained. Jet fuel surcharge pass-throughs into contract rates will add further cost pressure. Shippers should retain flexibility in contract structures and avoid locking in long-term rates at current elevated levels.

Wider escalation or a new shock: The geopolitical dashboard remains red. Russian airspace is still closed to many carriers. The US-China trade war persists. De minimis changes are still reshaping China-US flows. "Given the lights on the geopolitical dashboard are flashing red, there is every likelihood the air cargo industry will have another major, as-yet-unknown shock to navigate before the year is through," van de Wouw said. Forecasting full-year 2026 capacity with any confidence is difficult while these variables remain unresolved.

Goods are still flowing. Solutions are being found. But the price of those solutions is being passed to shippers, and that cost is rising. In the coming weeks, as the conflict's trajectory becomes clearer, the airfreight market will once again demonstrate both its vulnerability to external shocks and its remarkable capacity to adapt. The data from May onwards will tell us which scenario is unfolding.