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Xeneta Air Outlook 2027

Seismic shock from Middle East conflict – the rate, capacity and fuel price impact

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INTRODUCTION

Seismic shock from Middle East conflict – the rate, capacity and fuel price impact

Air cargo demand, 2027 forecast

2–4%

Global demand growth

Chargeable weight, year-on-year

Air cargo supply, 2027 forecast

3–5%

Global capacity growth

Upper half if Gulf capacity returns early

Airline average rates, 2027 forecast

–5 to –10%

Global average

From 2026's elevated base

Source: Xeneta.

Summary

- **Capacity returning, with a gap in the Gulf:** Escalation of Middle East war in February removed about 12% of global air cargo capacity overnight. Most has returned, with global capacity up 2% in 2026 to date, against 5% in January–February before the conflict. Gulf-origin capacity in October 2026 is 87% of last year. Middle East–Europe is at 75% and accounts for more than half of the 22.7k tonne weekly capacity gap.
- **Carrier differences:** The three largest Gulf carriers now fly more than a year ago. The missing capacity belongs to Saudia and to non-Gulf carriers, led by the integrators and European airlines, which have not yet returned to the Middle East because of safety considerations.
- **The rates premium:** Airline average rates into the Middle East in October 2026 are up 48% year-on-year. Most other global corridors have given back their post-conflict March spike.
- **Fuel price doubled, but rates didn’t follow:** Jet fuel is twice last year's price, yet airline average rates outside the Middle East are up 14–34% and fell on Europe–North America. The lesson - rates follow supply and demand on each lane, not fuel.

A supply shock

Xeneta's Air Outlook 2026 published in October last year flagged geopolitical wild cards as a key risk. The wildcard duly arrived on 28 February when the military strikes closed Gulf airspace and removed about 12% of global air cargo capacity overnight.

The air freight system responded and absorbed most of the impact within weeks: European and Asian carriers flew Asia–Europe direct, and the Gulf's own carriers rebuilt their networks through the spring, back to pre-conflict levels by June. The Middle East conflict has not shrunk the world's air cargo capacity; it has slowed its growth. Global capacity is 2% larger than a year ago in 2026 so far, having grown at 6% before the strikes in late February.

Eight months on, Gulf-origin capacity is 87% of last year. The gap is concentrated on the Middle East–Europe corridor, which stands at 75% of last year’s capacity and accounts for more than half of the 22.7k tonnes a week still missing.

There are carrier subtleties within these capacity figures. For example, the three largest Gulf carriers (Qatar, Emirates, Etihad), actually fly more capacity on Middle East routes than a year ago. The missing capacity belongs to Saudia, whose home market is the new front of conflict, and to non-Gulf carriers, led by the integrators and European airlines, which have not yet returned to the Middle East because of safety considerations and have moved their aircraft to other lanes.

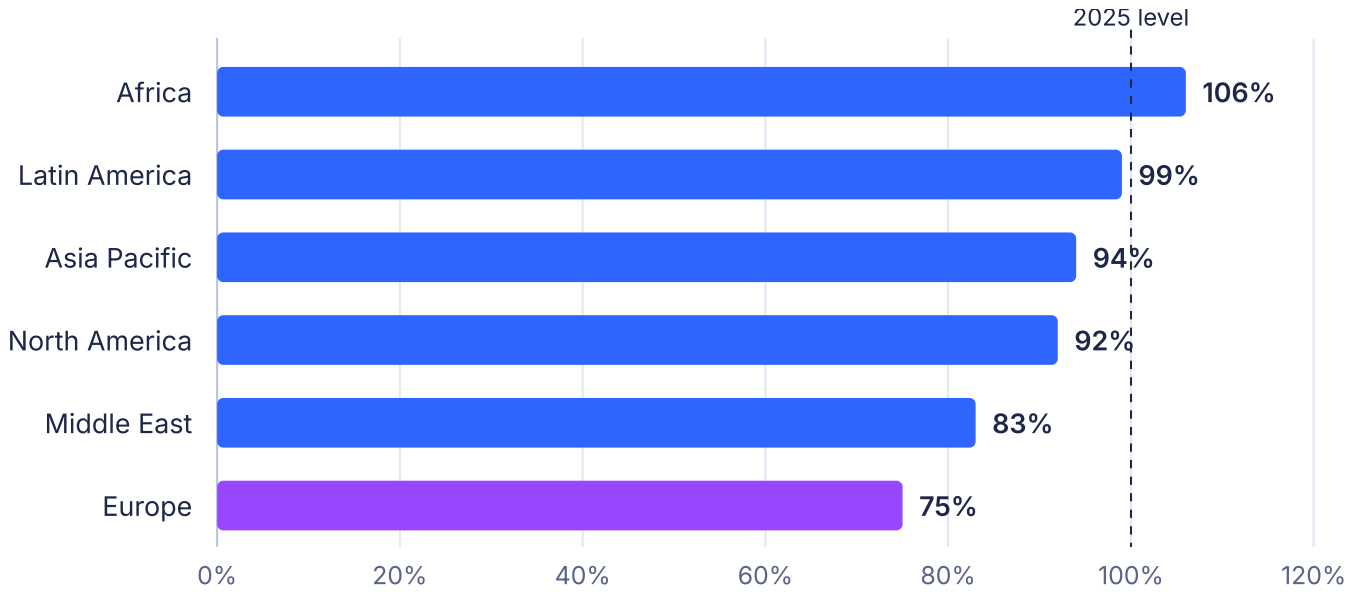
The freight rate premium follows the capacity gap, with airline average rates into the Middle East up 48% in October year-on-year. Most other corridors which saw a post-conflict spike in March have given these increases back.

Figure 1: Gulf air capacity is still 13% below last year – Gulf-origin capacity by destination, W40–42 2026 vs W40–42 2025

Unit: % of 2025 capacity

W40–42 2025
175.6k t a week

W40–42 2026
152.8k t a week (87% of 2025)



Source: Xeneta analysis of Rotate (international WB/NB freighter, WB passenger belly; destinations are regions served from Gulf origin).

Fuel: prices through the roof, but link to rates is overstated

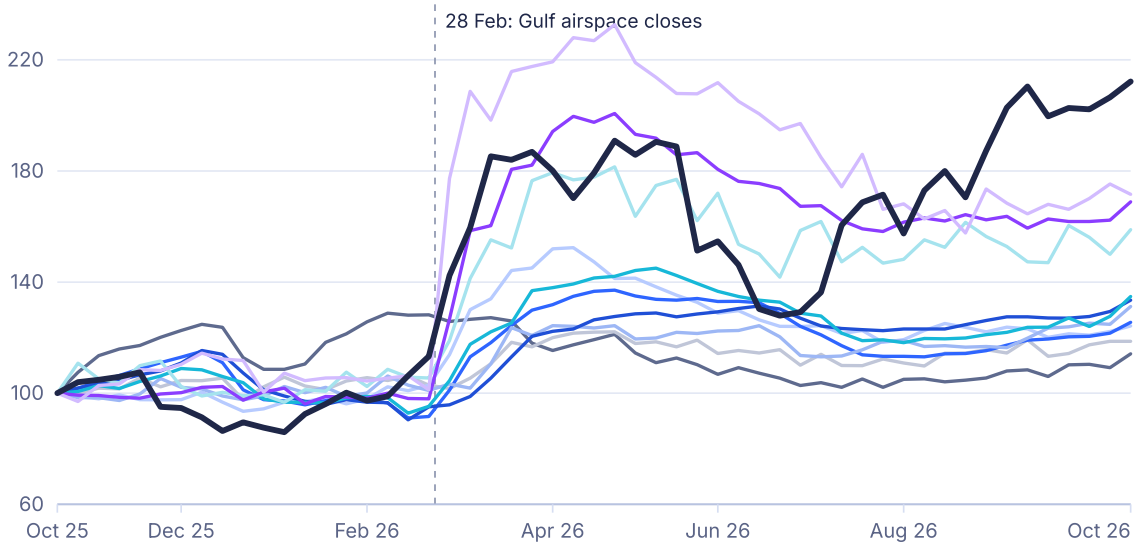
Jet fuel price is about double what it was a year ago, but rates have not followed to the same extent. Outside the Middle East, airline average rates are up 14–34% over the same period, a fraction of the rise in fuel.

It should be noted the corridors that saw the largest rate increases are those that lost capacity, not those that burn the most fuel.

On Europe to North America the two market datapoints moved in opposite directions: jet fuel doubled after 28 February while airline average rates fell 20% into the third quarter as summer passenger schedules brought increased belly capacity.

Figure 2: Weekly airline rates and jet fuel index, Oct 2025 – Oct 2026

Unit: Index, week 43 (20 Oct 2025) = 100



US Gulf Coast jet fuel spot	**212**	Middle East → Europe	**172**	Europe → Middle East	**169**
Middle East → Asia Pacific	**159**	Asia Pacific → Middle East	**135**	Asia Pacific → North America	**134**
North America → Asia Pacific	**131**	Asia Pacific → Europe	**126**	Europe → Asia Pacific	**124**
North America → Europe	**119**	Europe → North America	**114**		

Value shown at 2026-W43.

Source: Xeneta; US EIA.

Air cargo rates are set by supply and demand on each lane, not by cost. Airlines sell space at the price each lane will bear, and on unbalanced lanes they earn more in the stronger direction to cover the return leg. In 2026 the lanes where rates increased the most were those that lost capacity or gained AI cargo, not those that burn the most fuel.

On Asia Pacific–North America, rates rose faster than operating costs so freighters became more profitable. On Asia–Europe, margins thinned, so carriers that can still fly the shorter transit over Russia have the edge. On Europe–North America, where belly space sold alongside passenger flights sets the rate, freighter margins have come under the most pressure.

So fuel sets a floor, it does not set the price. It is supply and demand that set the price.

What it means for shippers

For shippers, the lesson of 2026 is that a fuel surcharge tracks a fuel index, not what the forwarder pays the airline. When fuel doubled and Europe–North America airline average rates fell, a shipper whose contract floated on a fuel index paid more while the forwarder paid less.

Note: the supply section of this Outlook Report sets out how to structure contracts for 2027.

OVERVIEW

Themes that will shape the 2027 global air cargo market

01

Global economy and trade

Increasing GDP growth (+3.4%) up from +3.1% in 2026 · **Trade deflection** as tariff-hit trade is redirected to third markets

02

Mode shifts

Air-to-ocean shift – Red Sea return, Hormuz reopening and ocean capacity outpacing container demand pull cargo back to sea

03

E-commerce

Supply chain reset after US and EU de minimis removals; growth returns, but well below past double-digit rates

04

AI-related investments

Still the growth engine, but moderating in 2027; pushing demand upwards on specific Transpacific tradelanes

05

Air freight demand and supply in 2027 point towards lower rates

Supply shock recovers as Gulf capacity returns; new freighters stay scarce, capping underlying growth

06

External disruptions – not a case of 'if', but 'when' and 'where'

Physical and cyber attacks · **Supply chain disruptions** · **Natural disasters**

01

THEME 1 · GLOBAL ECONOMY AND TRADE

The global economy sets the theme and trade map is redrawn

Summary

- Air cargo demand grew about 5% in 2026 to date. Demand growth followed world goods trade (+5.4%, more than double what the IMF expected a year ago), ahead of GDP (+3.1%).
- Three extra drivers lifted 2026: AI hardware, stockbuilding against the war, and ocean disruption that saw continuing mode shift for some shippers.
- In 2027, GDP is projected to rise to 3.4% and goods trade eases to 4.8%, but growth comes from fewer countries: AI-hardware and energy exporters gain, energy importers such as Europe lag. Air cargo growth will be just as uneven.
- Trade is being redrawn: China sells less to the US and more to Asia and the EU, which shifts air cargo towards China+X origins.

- Outlook: air freight demand growth of 2–4% in 2027, below goods trade and close to GDP, as the 2026 drivers weaken.

The 2026 forecast and what happened

Xeneta's Air Outlook 2026 expected demand to grow 2–3%, tied to a world economy slowing to 3.1%. Our Mid Year Update Report in June moved that to the higher end of 3%. The economy did what the IMF said it would, but trade did not. A year ago, the IMF expected world trade to grow about 2% in 2026, and it now puts goods trade at 5.4%, similar to 2025. Air cargo grew about 5% in 2026, meaning it tracks trade, not GDP.

Global air cargo demand grew in every month but March, when the Gulf closed and about 12% of the world's capacity vanished overnight.

With capacity barely growing in 2026 while demand grew regardless of geopolitical shocks in the Middle East, the global dynamic load factor reached 63% in October, three points higher than a year earlier. The global spot rate hit USD 3.11 per kg, up 29%.

HOW XENETA HELPS · AIR MARKET INTELLIGENCE

"As a wise person once said: Never cross a river that is on average 1 meter deep. Global average freight rates are just that - you need to know where the river runs deepest and where you can find shallower waters. With Xeneta you can easily zoom in on the trade lanes (and their intricacies) relevant to you."

Niall van de Wouw
Chief Airfreight Officer, Xeneta

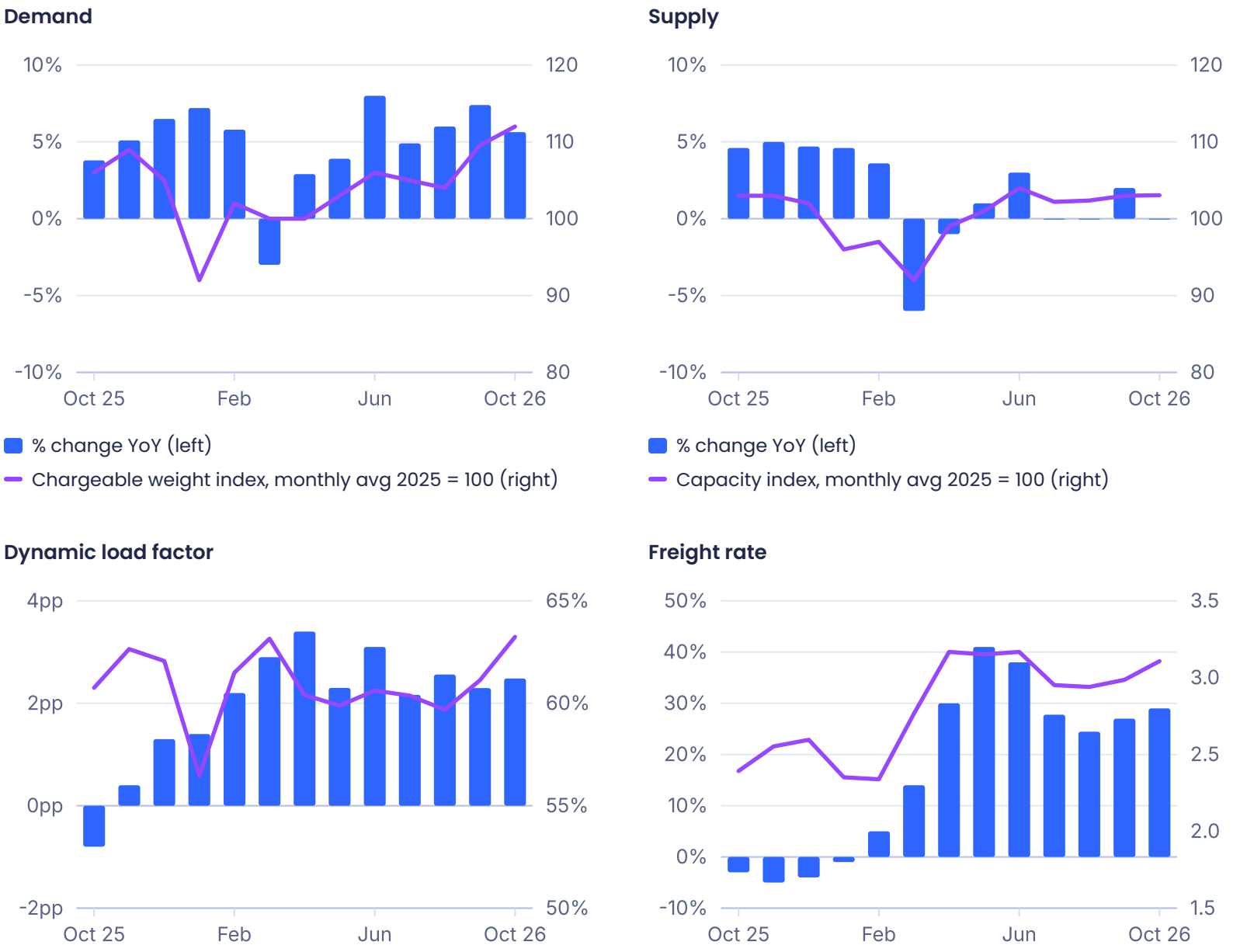
Note: The Middle East conflict shock and its effect on rates can be found in the supply section of this report.

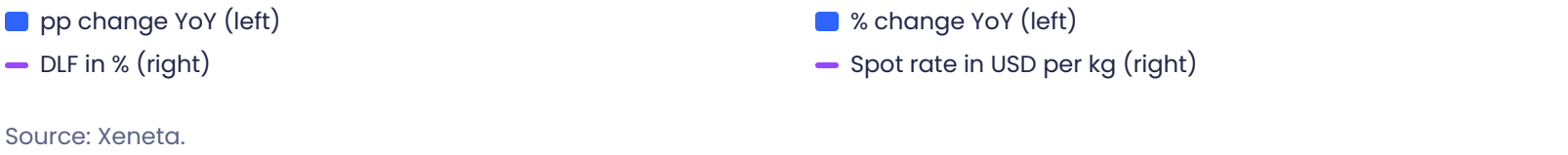
What is important to note is that a war, a doubling of fuel prices and the loss of a major air freight hub region in the Middle East did not dampen air freight demand.

Much of the cargo that flies does so because it needs to and in 2026 that remained true.

Figure 3: Global air cargo market: past 12 months in a nutshell, Oct 2025 – Oct 2026

Unit: see panel legends





Source: Xeneta.

Where the extra demand came from

Three key drivers lifted 2026 demand above what would ordinarily be expected.

Firstly, demand for AI hardware made Asia Pacific–North America the strongest corridor in 2026 by both rate and load factor.

Second, manufacturers built inventories against the price and supply risks of the Middle East war. The global manufacturing PMI reached 53.0 in September, its highest since early 2022, with export orders rising at the fastest pace in more than five years and purchasing managers citing inventory building on conflict fears.

Third, with the Red Sea return for container shipping shelved for much of the year and Gulf ports cut off by Hormuz crisis, cargo that could otherwise have been transported via ocean stayed in the air. This contributed to air's share of Europe's import tonnage from Asia increasing from 1.2% to 1.3%.

A stronger economy, but from fewer places

The IMF's October forecast has world GDP growth recovering from 3.1% to 3.4% in 2027 and goods trade easing from 5.4% to 4.8%. The composition matters more than the total. Growth is coming from fewer economies: 32 now generate 95%, compared with 54 in April.

Advanced economies slow to 1.8%, with the euro area at 1.2%. Emerging markets pick up to 4.4%, and the Middle East and Central Asia swing from a 0.3% contraction to 6.3% growth.

The IMF describes a bifurcated world: exporters of AI hardware (Korea, Malaysia, Thailand, Taiwan) and energy exporters outside the Gulf hold up, energy importers with little link to the technology cycle lag. That is shaping the air cargo map, with the four AI exporters feeding the Asia Pacific–North America head-haul (the strongest corridor in 2026).

Meanwhile, Europe - an energy importer - has the lowest rates of the major markets and the slowest-growing general cargo.

This 3.4% GDP forecast for 2027 rests on three assumptions that matter for air cargo demand.

- The AI investment boom cools but does not stop, so Asia Pacific–North America keeps its main driver.
- Oil averages USD 87 per barrel, 9% below 2026, which eases airline costs.
- If a peace deal is reached in the Middle East in the first quarter and holds - as the supply section of this report assumes to set a base case scenario, Gulf air freight capacity returns through the year.

If any of the three assumptions fail, air cargo demand growth is lower. The IMF itself puts the chance of a US downturn in 2027 at about 30%.

Trade is redirected, not reduced

The 2025 US tariff shock changed where goods were being exported to more than how many are shipped. Chinese exports to the US fell 22% and US exports to China fell 25% in the year to January 2026, yet both kept total exports within about a percentage point of their pre-tariff trend by selling elsewhere.

Within a year, China's sales of the goods impacted by the US tariffs had increased in other markets. This increase was the equivalent of 39% of China’s previous trade with the US in these goods, with about half of the growth in Asia (mainly electrical machinery) and a fifth in the EU.

Southeast Asian origins that gain from rerouted trade, Vietnam, Malaysia and Thailand, also ship AI hardware, so growth from tariff rerouting and growth from AI demand cannot yet be separated. Ocean shows the same shift: US container imports from China are down 9% on 2024, from Southeast Asia up 31%.

For 2027 this rerouting favors general cargo on intra-Asia and Asia–Europe lanes, and exports to North America from alternative origins such as Vietnam and Malaysia. It shifts volume between lanes without adding to it, so the general cargo demand grows at the pace of the economy.

Outlook 2027

Xeneta expects global air cargo demand to grow 2–4% in 2027.

The starting point for this forecast is goods trade. The IMF has it growing 4.8% and, since 2019, air cargo has grown slightly lagging the pace of goods trade, which points to about 4%.

The weakening of three 2026 demand boosts pulls this 4% down to the Xeneta forecast of 2–4%.

Firstly, inventories built up due to Middle East conflict being drawn down; secondly, routine Asia–Europe cargo returning to ocean container from the second quarter as the Suez Canal return increases; and thirdly, China's e-commerce exports to Europe compare with pre-duty months from January to June.

Pulling demand in the upwards direction is AI hardware. Although growth will be slower in 2027, AI hardware is worth so much per kilo that it adds far more to the value of trade than to the tonnes flown. Gulf economies rebounding from a war-hit 2026 will also pull demand upwards.

The forecast is for air cargo to grow more slowly than goods trade and at about the pace of GDP (3.4%), after two years well above it. Xeneta's ocean outlook reaches a similar conclusion for container shipping, with demand growth of 2.5–4%.

Expect a softer first half to 2027 as the 2026 demand boosts fade before a firmer second half of the year when those effects pass and, if the Gulf reopens, capacity and cargo return.

What it means for shippers

Demand keeps growing in 2027, but more slowly. Expect pressure on space and rates to ease on Europe–North America and Asia–Europe corridors through the year. With growth concentrated in a few AI- and energy-exporting economies and the trade map still being redrawn, the differences between corridors will be wider than the 2-4% global range suggests. Those differences are the ones to watch because a corridor can tighten or loosen within a quarter while the global picture barely moves. Track each of your lanes individually and review the rates you pay against the market as it shifts.

> Air cargo follows trade, and trade is being redrawn. The global number will look ordinary in 2027 but the corridor-by-corridor numbers will not.

SUGGESTED USE CASES PLACEHOLDER

Forecasting & Budget Planning

Use the 2027 demand and rate outlook to set air freight budgets and scenario ranges for uneven regional growth.

02

THEME 2 · MODE SHIFTS

The air-to-ocean shift as Red Sea reopens

Summary

- Air cargo share of Europe's import tonnage from Asia rose from 1.1% in 2023 to 1.7% at the Red Sea peak in 2024. It fell to 1.2% in 2025 and sits at 1.3% in 2026 so far.
- Ocean schedule reliability drives the shift. In 2025, Far East–North Europe ocean reliability doubled and half of the shift from ocean to air due to Red Sea disruption went back to shipping container. In 2026, the Hormuz closure disrupted ocean again and some cargo returned to air.
- The Suez Canal return is ramping up with half of pre-crisis Red Sea ocean container shipping capacity now transiting the region including most Asia–Europe services.
- In 2027, ocean schedule reliability recovers through the first half and ocean rates fall as the Red Sea return frees capacity. Routine Asia–Europe cargo that moved to air for increased reliability shifts back to ocean from Q2, causing a drag on air demand growth.

The 2026 forecast and what happened

Xeneta's Air Outlook 2026, published in October last year, expected easing pressure in ocean container shipping to pull routine cargo back from air. Then the Strait of Hormuz was effectively closed on 28 February as conflict escalated.

Ocean container carriers that planned a return to the Suez Canal in 2026 shelved it and Far East–North Europe ocean spot rates more than doubled from their pre-Hormuz crisis level by July, and by the autumn schedule reliability on the corridor had collapsed back to its 2024 level.

This was reflected in the Xeneta Mid-year Air Outlook update in June, which expected air-to-ocean shift to stall, and this has been the case.

HOW XENETA HELPS · AIR MARKET INTELLIGENCE

"We all know that the ocean market influences the air market more than the reverse - even a slight tip in the scales has major implications. Structural higher ocean reliability is a signal that a mode-shift is on its way. Xeneta's integrated platform allows you to keep an eye out for this mode-shift when you are planning ahead."

Niall van de Wouw
Chief Airfreight Officer, Xeneta

The logic has not changed. The Middle East conflict has simply pushed the timetable back. Container ships are once again steaming through Suez Canal with clear indications networks will continue returning in 2027.

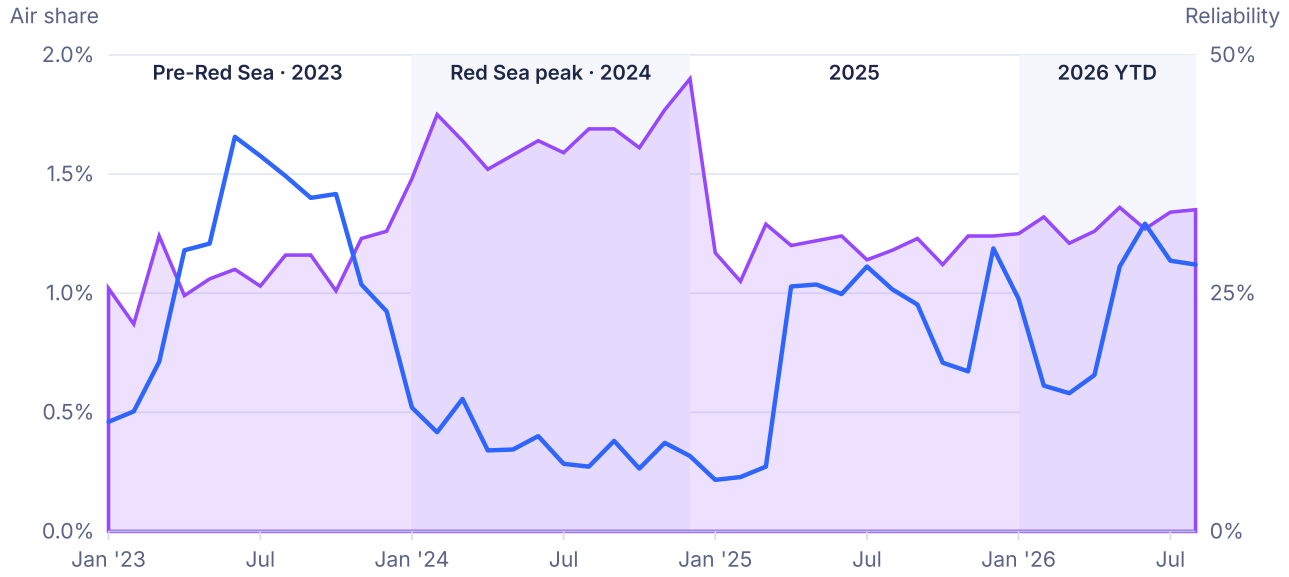
Ocean schedule reliability decides the shift

The Red Sea crisis lifted air's share of Europe's import tonnage from Asia from 1.1% in 2023 to 1.7% in 2024, as ocean schedule reliability from the Far East to North Europe fell from 28% to 9.3%.

Half of that gain has since gone back to ocean. Air's share was 1.2% in 2025 and is 1.3% in 2026 to date.

Figure 4: Air freight share of Asian exports to Europe and ocean schedule reliability from Far East to North Europe, Jan 2023 – Aug 2026

Unit: Percent



Air share of tonnage (left) — Far East–North Europe ocean reliability (right)

Pre-Red Sea · 2023	Red Sea peak · 2024	2025	2026 YTD
Air share **1.1%**	Air share **1.7%**	Air share **1.2%**	Air share **1.3%**
Ocean reliability **28%**	Ocean reliability **9.3%**	Ocean reliability **20%**	Ocean reliability **22%**

Latest ocean reliability, Oct '26: ~10%

Source: Xeneta analysis of Eurostat data and Xeneta schedule reliability (% of arrivals within ±1 day of proforma ETA).

The two years since the peak Red Sea ocean to air shift in 2024 show what moves cargo between the modes.

In 2025, reliability doubled to 20% from the 2024 low and air's share of Europe imports from Asia consequently fell to 1.2% from 1.7% in 2024. This is despite ocean container shipping rates not returning to pre-crisis levels.

In 2026, the Hormuz closure disrupted ocean again: the Red Sea return was shelved, arrivals were delayed and the ocean tonnage reaching Europe thinned – so air's share edged back up. With Far East–North Europe ocean reliability down to about 10% in October (back at its 2024 level), Xeneta expects the ocean-to-air shift to continue through the rest of 2026.

Why air to ocean shift from Q2 2027

The October ocean reliability collapse will take months to clear, with four typhoons in China and a backlog of delayed vessels still working through European ports. Xeneta's Ocean Outlook expects conditions to worsen before the new year, so air will keep the share of cargo it has into Q1 2027.

Half of pre-crisis Red Sea capacity is already back and Xeneta expects more Asia–Europe services to return to Suez Canal routes through the first half of 2027, cutting transit times by one to two weeks and restoring the schedule reliability that routine cargo needs – plus falling rates.

That is the point at which the air cargo shippers have retained for supply chain resilience since 2024 starts to go back to sea, most likely from the second quarter, once the post-Lunar New Year holiday backlog has cleared and shippers can see several weeks of steadier arrivals.

Looking at the Gulf, Jebel Ali's weekly container arrivals fell from 423,000 TEU to 9,000 after the Strait of Hormuz closed and more than half of that volume has not reappeared at any other gateway. Cargo that cannot wait to be shipped via ports in Jeddah or Khor Fakkan still moves by air.

Outlook 2027

Xeneta base case is that air's share of Europe imports from Asia drifts back towards its 2023 level of about 1.1% during 2027, as ocean reliability recovers through the first half and ocean rates fall. The cargo that shifts back to ocean is routine freight that moved to air for dependability, not speed. This drag on air demand is factored in the forecast for 2-4% growth covered in Theme 1 of this Outlook report.

The shift is by no means guaranteed, however. A renewed Houthi threat in the Red Sea would send carriers back around the Cape of Good Hope and put the shift on hold for a third year.

What it means for shippers

The shift back to ocean is one more reason to keep Asia–Europe air commitments short into the second quarter of 2027 (see the Supply theme of this Outlook Report). The signal to move routine volume back to ocean is a sustained recovery in Far East–North Europe schedule reliability, not a fall in ocean rates. 2025 showed that steadier schedules will move cargo back to sea, but 2026 showed that a new emerging ocean disruption sends it back to air - whatever the price.

Continuously assess reliability and cost across modes and corridors rather than the global figure, since the Red Sea return impacts Asia to Europe and US East Coast networks first before rippling across global supply chains.

SUGGESTED USE CASES PLACEHOLDER

Mode shift support (air ↔ ocean)

Compare air and ocean costs at lane level so shifts back to ocean are planned and data-backed, not reactive.

03

THEME 3 · E-COMMERCE

E-commerce resets as policy changes bite

Summary

- China's low-value e-commerce exports fell 6% in January–September 2026 (12% excluding Russia), with the full year heading for a fall of about 9% - the first decline since 2018.
- Export values fell by half or more within months of duty-free entry ending and have not returned. The EU dropped faster and further in 2026 than the US did when it ended duty free entry in 2025.
- China's e-commerce exports to the US have recovered gradually from their mid-2025 trough as platforms adapt by stocking closer to the consumer and shipping in bulk, while other markets such as Russia and Brazil are growing fast.
- Capacity and rates have followed stronger e-commerce recovery to US, in addition to AI shipments. China–Europe spot rates are up 6% year-on-year in October against 38% on China–North America. Freighter capacity from China and Hong Kong to Europe fell 21% between June and September while capacity to North America rose 12%.

- In 2027, China e-commerce grows again from a lower base. Negative year-on-year in the first half, positive from the second half, and at a pace far below the double-digit growth of the past decade (16–40% a year since 2019).

The 2026 forecast and what happened

Xeneta's Air Outlook 2026 expected e-commerce to grow more slowly in 2026, but still faster than the general air freight market. Our Mid-year Outlook update in June said the growth engine had stalled.

The year has turned out even weaker, with China's low-value and e-commerce exports, which grew between 16% and 40% each year from 2019 to 2025, down 6% in the first nine months of 2026 and 13% in the Q3.

When the Xeneta Air Outlook 2026 was published in November 2025, the EU had agreed to end its €150 duty exemption early but the only new mechanism on the table was a €2 handling fee. Then on 12 December, the EU settled on a €3 duty on every item from July 2026, with the €2 fee added on top from November.

HOW XENETA HELPS · AIR MARKET INTELLIGENCE

"Regulations have impacted the e-commerce supply chains. This year's part recovery on the China to US market shows the resilience of the e-tailers and their partners. Expect this also to happen on the China to EU market. Use Xeneta data and intelligence to follow the speed of recovery by checking the capacity and load-factor trends on this corridor."

Wenwen Zhang
Lead Airfreight Development and Analyses, Xeneta

Europe leads the decline in China e-commerce. Exports to the EU were down 36% year-on-year in January–September and 61% in the third quarter after the €3 duty took effect. Exports to the US were down 9% year-on-year in January–September, but it should be noted this is a comparison with the months before the 2025 de minimis removal in May, when shipments were frontloaded to beat the increased duties. Since May 2026, e-commerce exports to the US are up year-on-year compared to the months following the de minimis removal.

E-commerce exports to Russia tripled in 2026, offsetting two-thirds of the EU loss, which is why the global decline looks more modest.

Duties bite harder than taxes

Since 2024, more than a dozen countries and trading blocs have ended, taxed or narrowed their exemptions for low-value imports.

The drop in Chinese exports tracks how much each measure adds to the cost and friction of a single parcel.

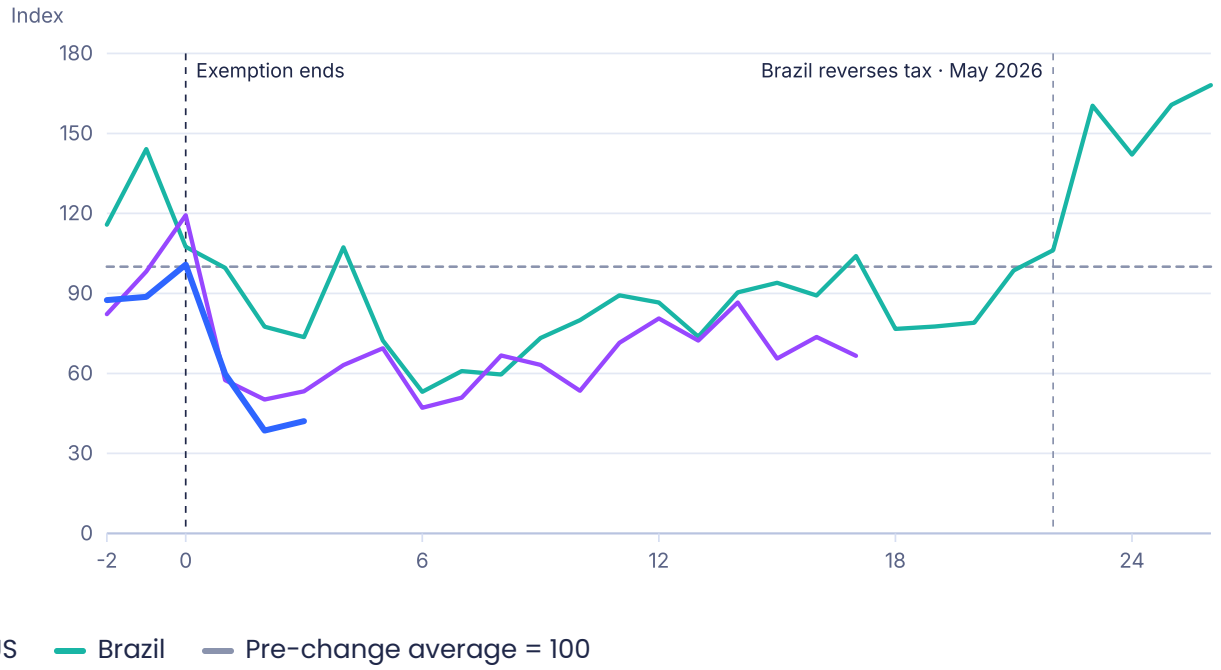
The US ended duty-free entry for Chinese parcels in May 2025 and for all origins in August; each parcel now carries duty and a customs entry.

The EU replaced its €150 relief with a €3 duty per item on 1 July 2026 and adds a €2 handling fee from 1 November.

Countries that only added VAT, such as Vietnam and South Africa, saw no comparable step-down in their imports from China.

Figure 5: Policy changes dampen e-commerce growth – China to Europe, US and Brazil low-value and e-commerce export values

Unit: Index, 12-month pre-change average = 100



Horizontal axis: months before and after regulation changes (month 0 = last month with active exemption).

Source: Xeneta and Trade and Transport Group analysis of China Customs data, data to Sep 2026. Month 0 = last month with active exemption: Brazil Jul 2024, US Apr 2025, EU Jun 2026. Brazil zeroed the tax again on 13 May 2026 (month 22).

The chart above sets each market against the average of the 12 months before its rules changed.

Europe tells the starker story. Two months after the duty arrived, exports to the EU stood at 39 of pre-duty levels.

The US fell more slowly, bottoming at 47 six months after the de minimis ban before 17 months later crawling back to 67.

Europe fell faster because platforms learned from the US duty changes and moved stock into European warehouses in advance. What Europeans buy, they increasingly buy from a shelf inside Europe rather than a plane from Guangzhou.

Then, the €2 EU handling fee from this November comes on top. It falls on a flow that has already more-than-halved, so we expect only a modest further drag.

Brazil is the control. For 21 months under a 20% federal import tax since August 2024, its imports from China fell by about half, then climbed back gradually to near the old level. Within four months of the tax being scrapped in May 2026, e-commerce imports from China were 68% above the pre-federal import tax level.

The consumer appetite never went away - the tax only changed how / how much of that demand was met by parcels flown directly from China.

E-commerce will rebuild around new rules

Consumers are still buying; the goods just reach them differently.

China Customs data show three shifts in e-commerce development:

- Platforms hold more inventory close to the consumer, replenished in bulk rather than parcel-by-parcel, so a growing share of the goods arrive as consolidated freight (ocean or general air cargo) and are not included in low-value e-commerce parcel statistics.
- Markets that still admit parcels cheaply are growing fast: exports to Russia increased from USD 2.4bn to USD 7.4bn in January–September and to Brazil by 60%.
- The US is gradually recovering with monthly exports from China up steadily since the trough of mid-2025. Since May 2026, they are up year-on-year compared to the period after the de minimis ban in 2025.

Airline capacity has followed the cargo. Freighter capacity from China and Hong Kong to Europe fell 21% between June and September 2026, from about 40,000 to 32,000 tonnes a week, and was 11% below a year earlier in September.

Capacity to North America rose 12% over the same months and was 21% above a year earlier (source: Rotate). Freighters that filled up in China with parcels for Liège and Budapest are now more likely to be found carrying AI hardware to North America.

Outlook 2027

Cross-border e-commerce accounts for roughly 15–20% of international air cargo, with Chinese platforms accounting for a large part of it. In 2027 e-commerce grows again, albeit from a lower base and at a slower pace.

Europe will weigh down on the year-on-year growth in the first half of 2027 when exports are still compared with the months in 2026 before the €3 duty, before turning positive from July once that base effect passes.

The US, a year further along from low value duty changes, is already growing again.

For air freight generally, the reset is concentrated on Asia–Europe where e-commerce parcels have been the main cargo filling freighters. Freighter capacity has left the corridor. If the Gulf hubs return to full operation during 2027, the capacity they add back would further push load factors and rates on Asia-Europe lower.

From China to North America, AI hardware has replaced parcels as the cargo competing for space, so the e-commerce slowdown changes less on this corridor. The next large-market rule changes we can date fall in 2028, in the UK and in the EU's full customs regime.

What it means for shippers

For shippers outside e-commerce, the impact is uneven. Capacity has moved from China–Europe to China–North America and Gulf hub capacity is still constrained. This does not mean the Asia-Europe rate premium has disappeared, with China–Europe spot rates up 6% year-on-year in October. But that rate increase is muted next to the 38% rise on China–North America, where AI shipments now set the pace.

Shippers on Asia–Europe have more room to negotiate with forwarders compared to a year ago, but shippers on China–North America should not expect the e-commerce slowdown to ease their market.

> The parcel boom that lifted air cargo for three years has run into the customs house. Consumers will keep buying; platforms will transport it differently.

SUGGESTED USE CASES PLACEHOLDER

Sourcing & Tendering

Benchmark bids on China–Europe and China–North America lanes, where rates and capacity are diverging.

04

THEME 4 · AI-RELATED INVESTMENTS

AI-related investments – still the growth engine, but moderating in 2027

Summary

- **Still the growth engine.** AI hardware was the strongest single driver of air cargo demand in 2026, and it keeps growing in 2027.
- **Momentum is moderating.** Month-on-month chip-sales growth peaked at about 11% in March-June 2026 and has eased to about 7% since July.
- **Corridor concentration.** Only Asia Pacific–North America saw AI hardware volumes and spot rates rise together.

The 2026 forecast and what happened

Xeneta's Air Outlook 2026 named AI investment a major growth engine of air cargo demand, and the Mid Year Outlook Update in June confirmed it.

The second half of 2026 is going further. World Semiconductor Trade Statistics (WSTS) reports global semiconductor sales in September were up 147% year-on-year and passed $1 trillion for the year in just eight months - the first time the industry has ever crossed that mark. 2025 as full year was $792 billion.

HOW XENETA HELPS · AIR MARKET INTELLIGENCE

"As AI hardware shipments continue to put pressure on capacity and push up rates, it's critical that shippers evaluate all available routes while planning their supply chain over the next year."

Wenwen Zhang
Lead Airfreight Development and Analyses, Xeneta

The effect shows most clearly on Asia Pacific to North America corridor. In October, chargeable weight was up 16% year-on-year and the spot rate was up 35% at USD 5.92 per kg. Taiwan, Singapore, Malaysia and Korea, four of the economies most specialized in AI-hardware exports (source: WTO), supplied about half of that volume growth.

Momentum is moderating

The AI-related air freight growth is real, but its pace appears to have peaked. From 2023 to mid-2025, global chip billings grew about 1.3% a month. Growth accelerated to 5.6% a month from September 2025, peaked at 11.2% between March and June 2026, and eased to 7.5% in Q3.

In the two previous years, Q3 were the stronger months, so the easing in 2026 is not seasonal.

Figure 6: AI is pushing rates up, but its momentum is moderating – global semiconductor billings, Jan 2023 – Sep 2026

Unit: Month-on-month change, %



Source: Xeneta analysis of WSTS Historical Billings Report.

The money is still flowing, just no longer doubling. Reporting in late October, Alphabet, Amazon and Meta kept their 2026 budgets, and Microsoft trimmed its own after suppliers fell behind.

These four combined will spend about $720–740bn this year. Next year they will spend more, but forecasts range from +10-20% (WTO) to around +40% (Bank of America and S&P Global, which put the four above $1 trillion), well below this year's +77% (WTO).

AI hardware worth more than it weighs

AI-related goods are below 10% of what flies, but a far larger share of what is paid for. Import prices of AI-enabling goods rose 20–30% in the first half of 2026 (ECB estimate, cited by the WTO), so growth in value overstates growth in tonnes.

The trade is also narrow. China and the US take more than three-quarters of net imports of AI computing hardware (IMF), and Europe accounts for about a tenth of AI-goods trade against more than a third of all goods trade (WTO). Xeneta data shows the same geography in 2026, with volumes from Taiwan, Korea, Malaysia and Singapore growing far faster to North America than to Europe.

On Asia Pacific–North America, the extra AI demand appears to have lifted rates across the corridor. Spot rates from China and Japan rose by at least as much as those from Taiwan, which suggests AI cargo is tightening a capacity pool that every origin shares. On Asia Pacific–Europe and Europe–North America, AI cargo plays a smaller part in how rates are moving.

Outlook 2027

Xeneta expects AI-related air cargo to keep growing in 2027, but more slowly and to remain mainly an Asia Pacific–North America story. Spending plans for 2027 imply more AI hardware flying from Asia Pacific to North America, but volumes will grow by less than projected spend - Microsoft and Meta have both attributed part of their higher budgets to increasing component costs.

The upside is faster progress on data-center power and equipment, which would keep demand growth near 2026's pace. The downside is a correction, where returns on AI disappoint, investment is cut and the freighters added for AI cargo become surplus.

What it means for shippers

With few new freighters to come (see the Air freight Supply theme in this report), Asia Pacific–North America keeps more of its rate premium than other corridors as the wider market eases. For shippers of other goods on the corridor, AI cargo is now part of the price of space.

> AI is still the engine, but it has passed peak acceleration. In 2027 it adds cargo more slowly, and on the same few lanes.

SUGGESTED USE CASES PLACEHOLDER

Benchmarking / margin control

React to market changes and secure spot capacity at the right price on Asia Pacific–North America.

05

THEME 5 · AIR FREIGHT SUPPLY

Air freight demand and supply in 2027 point towards lower rates

Summary for 2027

- **Demand growth of 2–4%.** Air cargo demand follows world goods trade, which the IMF has growing 4.8%, with air cargo lagging slightly.
- **Supply growth of 3–5%.** The upper half of the range applies if a Middle East peace deal comes early in the year and conflict-linked capacity returns by the second half. The Gulf, not the fleet order book, is the driver.
- **Rates down 5–10%.** With supply outgrowing demand, global airline average rates ease from 2026's elevated base, mostly in the second half of the year.

Outlook 2027: the Gulf will dictate supply growth

Gulf capacity is the swing factor for 2027. Once airspace and crew-safety constraints lift, freighters redeploy in weeks, which is why air recovers faster than ocean. What air cannot do is get ahead of the geo-politics.

Previous Gulf conflicts took about seven months from the military escalation to normal air freight traffic. This current conflict has run eight months already, and the strikes on Riyadh in October set the recovery back.

The removed Gulf capacity still exists, it is just flying other lanes. We therefore build 2027 capacity in two parts:

- Middle East-linked capacity, measured against the same quarter of 2025 and recovering at a pace set by the political scenario.
- The rest of the market growing around 3% from its 2026 level, in line with fleet growth.

Our outlook is capacity growth of 3–5%, and where 2027 lands inside that range depends almost entirely on the Gulf.

HOW XENETA HELPS · AIR MARKET INTELLIGENCE

"We are here to help our shippers when they are going to market with making sense of all the data available. This will allow them to place the response from their vendors in a better context, giving them the confidence to act decisively with explainable, data-backed decisions.

"Some people may just see data on declining rate validity, but what I see is the blood, sweat and tears of shippers having to constantly renegotiate contracts and deal with the operational, financial and administrative fallout for often small teams."

Niall van de Wouw
Chief Airfreight Officer, Xeneta

If a peace deal is reached in the first quarter of 2027 and holds, Middle East-linked capacity climbs back to its 2025 level through the year - about 90% within one to two months of a durable de-escalation, and the last tenth returning through the second half as foreign carriers return.

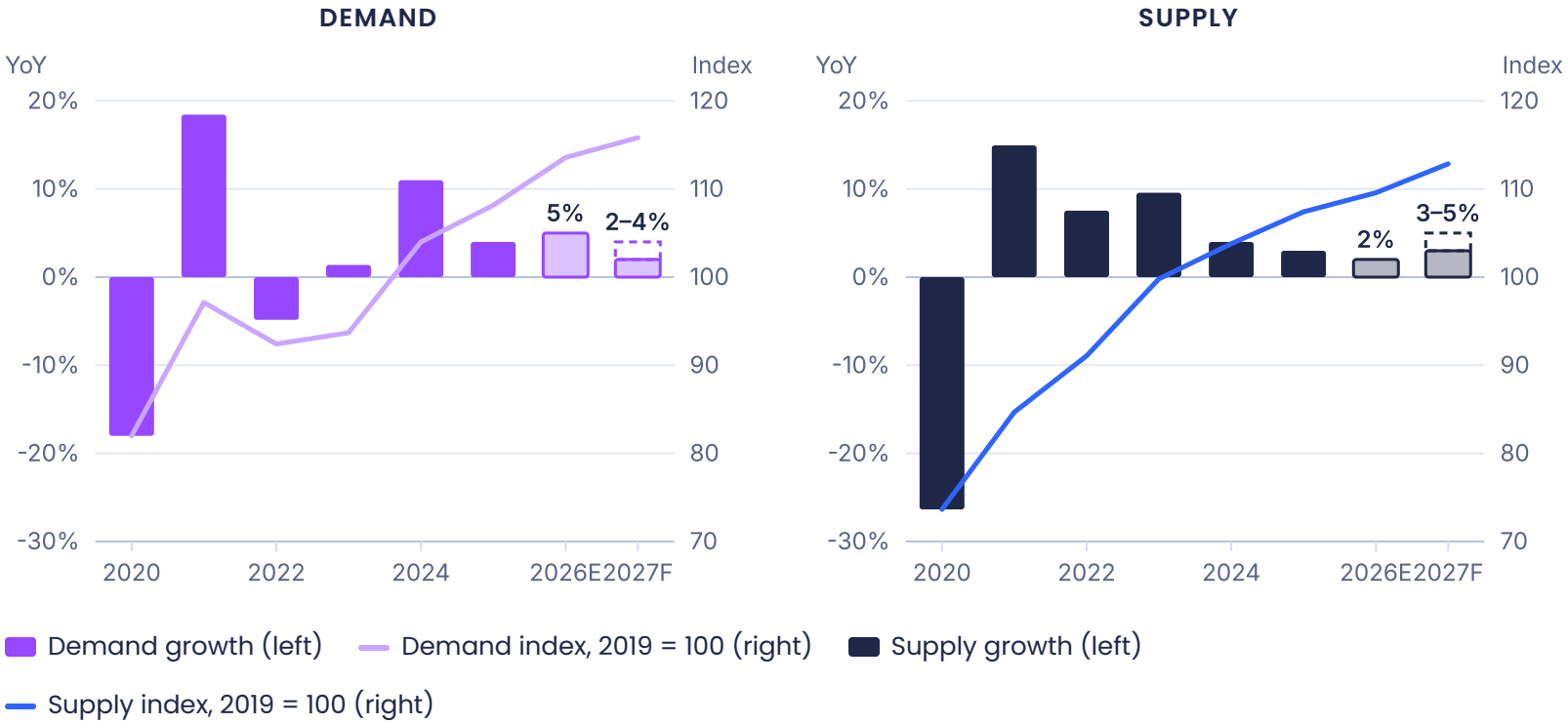
In this scenario of an early de-escalation, global capacity growth nears 5%. If the de-escalation slips to mid-year, global growth is a little under 4%. If the region does not recover at all and Middle East-linked capacity stays a tenth below 2025, growth in 2027 is about 3% (the growth that new freighters and extra belly space bring on their own).

The gap between full recovery and no recovery is more than a percentage point of global supply. The Gulf, not the order book, is the main driver for 2027.

Any return will not be even, with aircraft now flying other lanes only moving back if Gulf yields beat what they currently earn.

Figure 7: 2027 outlook for air cargo demand and supply – global air cargo demand and supply growth, 2020–2027F

Unit: YoY growth (left), index 2019 = 100 (right)



Hatched bars: estimate (2026E) and forecast (2027F). Dashed box: forecast range.

Supply growing faster than demand in 2027 points to a forecasted **5–10% decline in air cargo rates**

Source: Xeneta. Demand in chargeable weight; supply in cubic meter.

Order book has little growth to offer

Beyond the Gulf, there is little new supply to come in 2027. Boeing's 777 freighter line, the only large freighter still in production, was halted by a supplier dispute since late August and has delivered a third fewer aircraft than last year. Its successor, the 777-8F, is now a 2029 aircraft.

Airbus's A350 freighter flew for the first time in September but will not enter service before the end of 2027.

Conversions will not fill the gap either. The 777 conversion order book is held back by a shortage of aircraft to convert because a 777-300ER still earns more carrying passengers than it would after a costly conversion to a freighter.

Xeneta expect the fleet, freighters and belly combined to add a little over 3% year-on-year supply growth in 2027 before any Middle East effect, and that is what we assume for lanes outside the region. The order book, in short, has little to offer 2027. Anything above 3% will have to come from the Gulf.

What it means for rates

Supply growing at 3–5% against demand at 2–4% is a market that tilts, gently, towards the freight buyers.

Xeneta expect global airline average rates to ease 5–10% in 2027 from 2026's elevated base, with most of the fall in the second half when Gulf capacity returns and the premium on Middle East lanes begin to unwind.

This will happen gradually, with the rate premium lasting into the second half of the year on the lanes most starved of capacity.

Fuel follows the same script. A peace deal that reopens the Gulf also eases the war premium in oil. Futures markets, which the IMF uses for its baseline, have crude about 9% lower next year, though jet fuel, a refined product, will take longer to follow.

As fuel gets cheaper, airline margins widen and more freighters stay in service, which adds to supply. Capacity comes back first and fuel eases with a lag, which is why 2027 brings a slide, not a slump. Should the Middle East fail to recover, supply and demand grow in step, fuel stays elevated and freight rates hold close to 2026 levels.

What it means for shippers

For shippers, the implication is that locking in for a year at 2026 prices carries a cost. Timing matters as much as term - a tender run in Q4 is priced at the top of the year, with peak season under way, the Gulf gap still open and fuel at twice last year's level.

Rates tend to come down more slowly than they go up, so a bid struck now may look expensive by Q1 next year, while a tender in the first quarter would take place after the peak and closer to the capacity return that may shape the 2027 outlook.

On corridors where capacity remains scarce, the rate premium is likely to persist, but elsewhere, a long-term commitment made now risks missing some of the cheaper buying expected in the second half of 2027.

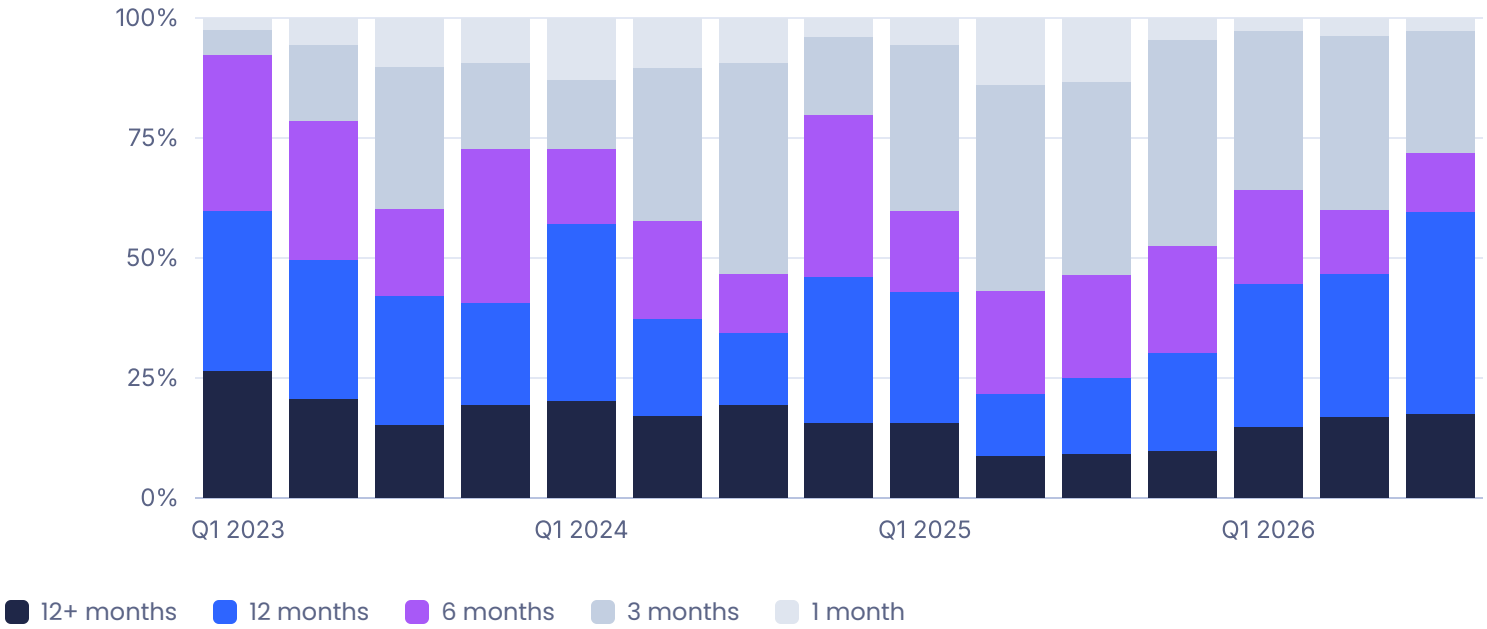
Where a contract must run longer, structure can alleviate some risk. Whether the rate is fixed with surcharges on top or floats on an index, what the shipper pays will move; the question is against what.

Compare your all-in rate, surcharges included, with the airline sell rate on your own lanes, and tie any adjustment to that rather than to a jet fuel index. A fuel index tracks neither what the forwarder pays nor the market, and 2026 showed how far the two can diverge. The airline all-in rate reflects both, so a rate increase is justified only when the market has moved.

With about half of airline capacity now bought on terms valid for a month or less, forwarders are not locked in on the buy side, so a reference tied to what they actually pay is a fair one. The variable to watch is a Middle East peace deal, and whether it holds. Until then, shorter commitments are the safer choice.

Figure 8: Volatility is pushing shippers into shorter-term deals

Unit: % of new contracts valid in quarter, by contract validity, shippers and forwarders



Source: Xeneta.

> The capacity the war removed was withdrawn, not lost. Its return, not the order book, decides how much supply 2027 gets; and as it returns, fuel eases with it.

SUGGESTED USE CASES PLACEHOLDER

Indexing

Manage index-linked air contracts as capacity returns and rates fall from a high base.

06

THEME 6 · EXTERNAL DISRUPTIONS

External disruptions – not a case of 'if', but 'when' and 'where'

Xeneta's Air Outlook 2026 closed with a warning that the risk dashboard was flashing red. The wild card arrived on 28 February and removed about 12% of global air cargo capacity overnight.

The same applies to 2027.

Physical attacks are still under way. The Gulf conflict gained a second front in October, when strikes closed Riyadh's airport and nearly all departures were cancelled for more than two weeks.

Cyber attacks on the shared IT systems that run airports, ports and logistics providers can halt cargo handling without damaging a single aircraft.

HOW XENETA HELPS · AIR MARKET INTELLIGENCE

"These days it's a fair bet that we'll see major disruptions every year. There will always be plenty of noise when they happen so Xeneta lets you set up watchlists of your key lanes helping you stay on top of these market movements when they happen and act based on real data."

Wenwen Zhang
Lead Airfreight Development and Analyses, Xeneta

Then there is the weather. NOAA sees a high chance that the current El Niño becomes the strongest on record and expects it to stay strong through the first quarter of 2027. In August, a single typhoon grounded about 60% of flights at Shanghai's airports in one day.

Our 2027 forecasts are baseline numbers, assuming the Middle East situation is soon resolved and there are no new shocks. A disruption that removes capacity or sends ocean cargo to air would push rates skywards, with little or no warning.

What it means for shippers

Shippers cannot predict the next disruption, but they can prepare: agree with your forwarder in advance how a shock will be handled, and track each lane against the market.

You should buy the umbrella when it is dry. You should work on TCs now and how to deal with any shocks in the market down the line. That will at least give more structure than simply voiding the contract.

> We should stop calling them black swans; they are too frequent. Trade is like water. It finds its way because the people in this industry find a way.

SUGGESTED USE CASES PLACEHOLDER

Market Monitoring & Risk Management

Use market alerts to see disruption effects on capacity and rates as they develop.

XENETA EXPERT ANALYSIS

The market moves fast. Your decisions should move faster.

Turn market intelligence into executive-ready decisions. Xeneta analysts support tenders, negotiations and leadership reviews with independent benchmarking and expert interpretation.

Explore Xeneta Expert Analysis

Register interest

Tender Experience

Win tenders with clarity and confidence. Market and peer benchmarking, round-by-round tender analysis.

Leadership Experience

Support strategic, executive-level decisions. Contracted rates benchmarked by lane and carrier every quarter.

Xeneta Lens

Forecast freight costs you can defend. Quarterly forecasts on top global trades and your own lanes.

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Xeneta transforms freight procurement and logistics with independent data and AI-powered intelligence. Global leaders like Nestlé, Volvo, and Coca-Cola rely on Xeneta to manage freight costs and delays, strengthen supplier relationships, and improve contracting and service levels — building more resilient supply chains.

Delivered through AI-powered platforms, expert-led analysis, and granular freight, service level, and vessel data, Xeneta gives businesses the market insights and optimization tools to manage risk, act with confidence, and improve operational performance.

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