



ISSUE #7 | WEEK OF 26 MAY 2026

David Kerr | Founder, JTD Advisory Ltd

#### BAI00 +35.8% YoY

Week to 11 May — plateau, not correction

#### Turkish Airlines Dubai

Passenger return 9 June — widebody belly at DXB

#### US-Iran MOU

Framework "largely negotiated" — 30-day clock pending

## THE VIEW FROM HERE

Two developments this week move the dial on the recovery timeline — in opposite directions. Turkish Airlines has confirmed passenger services return to Dubai on 9 June, restoring widebody belly capacity on the Istanbul-DXB sector and reopening the transit connectivity that Asia-Europe forwarders have been routing around since late February. On the same day that confirmation landed, US forces struck Iranian mine-emplacement vessels at Bandar Abbas, conducting what CENTCOM described as self-defence operations during the ongoing ceasefire — a ceasefire that has been violated by both sides since its declaration on 8 April.

These two data points illustrate the structural paradox that defines this market. Capacity is returning to the network at the margin: UAE carriers are rebuilding, Gulf Air is restoring routes, Turkish Airlines reopens Dubai next month. The rate environment is not correcting in any meaningful way. The Baltic Air Freight Index BAI00 was +35.8% year-on-year in the week to 11 May — down from the +37.2% peak of the prior week, but a plateau rather than a correction. China to North America at approximately \$5.48/kg is stabilising at a new elevated floor, not returning toward pre-conflict levels.

The reason is structural rather than cyclical. The Iran west FIR remains closed. The Strait of Hormuz remains under the IRGC's regulated transit framework, with US forces blockading Iranian ports — CENTCOM struck Iranian mine-emplacement vessels at Bandar Abbas on 25 May during the nominal ceasefire. Against that backdrop, Trump described a US-Iran MOU framework as largely negotiated on 24 May. An MOU, if signed, initiates a 30-day negotiation period; mine clearance, NOTAM withdrawal, insurer re-entry, and airspace recertification follow in sequence across months, not weeks. That sequence is not compatible with the Q4 planning window, which opens in six weeks. The MOU is a reason to monitor closely; it is not a reason to defer.

## DEMAND PULSE

- Rate plateau confirmed — BAI00 +35.8% YoY: The global Baltic Air Freight Index rose just 0.4% week-on-week in the week ending 11 May, settling at +35.8% year-on-year. The plateau behaviour that became

visible in late April has held through the second week of May. Corridor-level detail: BAI40 Heathrow +61.8% YoY (sustained by European carrier suspensions); BAI80 Shanghai -3.6% WoW but +36.1% YoY; BAI30 Hong Kong +1.6% WoW, +37.9% YoY; BAI50 Chicago +14.1% WoW, +41.4% YoY driven by US southbound lanes. The Chicago read — double-digit week-on-week — is the outlier worth watching: US outbound rates are strengthening at a point when Asia-origin lanes have plateaued. ([ITLN / TAC Index](#))

- Corridor movements as of week ending 19 May: China-North America increased 1% week-on-week (Freightos); China-North Europe decreased 1%; North Europe-North America decreased 1%. SEA-Middle East reached a new high above \$4.75/kg — still climbing as of 19 May. South Asia-Middle East above \$4.00/kg, up from approximately \$2.70/kg a month ago. The Middle East-bound corridor premium is diverging from the plateauing East-West lanes: demand rebound into the Gulf is outpacing the capacity restoration, producing a split in the rate environment that the headline index partially masks. ([Freightos — 19 May update](#))
- April Xeneta data — three-year high confirmed: Global air cargo spot rates surged +30% year-on-year in April to \$3.34/kg — the highest level since October 2022 per Xeneta. South Asia and SEA to Europe and North America appear to have plateaued or passed peak; Middle East rates have not stabilised. Northeast Asia outbound rates reached new highs in the week ending 26 April despite smaller percentage increases than South/SEA corridors — indicating the pricing pressure is broadening beyond the initial conflict-shock lanes. Europe-North America fell 17% to \$2.57/kg, the only major corridor in decline, reflecting the normalisation of tariff-cycle distortions from 2025. ([Xeneta — 1 May](#))
- Manufacturing PMI context: The global manufacturing PMI eased 1.7 points month-on-month in March to its weakest reading in three months, with export orders down 1.3 points. This is the macro headwind to set against the conflict-driven rate story: underlying industrial demand is softening at the margin even as geopolitical supply disruption sustains rate elevation. The consequence is a market where yields are rising on scarcity rather than volume growth — a condition that is inherently more fragile than demand-led rate strength. ([IATA Market Analysis / HCOB PMI](#))

## TRADE LANE INTELLIGENCE

---

### SEA-Middle East: A New Premium Forming Within the Disruption

The SEA-Middle East corridor rate above \$4.75/kg and still climbing as of 19 May is the most significant corridor-specific development in this week's data. This is not the same mechanism as the Asia-Europe premium: that premium is driven by Gulf hub capacity removal and the rerouting of transit flows. The SEA-Middle East premium is driven by the opposite dynamic — the partial restoration of Gulf hub operations is creating a demand rebound into Dubai and Doha that is currently outpacing the capacity being restored.

The mechanics are important. Emirates SkyCargo and Etihad Cargo are rebuilding frequency from Al Maktoum and Abu Dhabi respectively following the UAE airspace restoration on 2 May. Qatar Airways Cargo is rebuilding from the QCAA-approved routing structure available to it — approximately 60% of freighter frequencies, approximately 70% of belly capacity. Gulf Air is adding destinations through May and June from Bahrain. These additions are real and are generating renewed demand connectivity from Southeast Asia. But the Iran west FIR remains closed, constraining total routing options and suppressing payload efficiency on affected sectors.

The consequence is a rate dynamic within the disruption rather than despite it: the Middle East is partially open, Southeast Asian shippers are refilling the Gulf hub connection, and rates on that specific corridor are rising to clear the demand-capacity imbalance. For operators with capacity on IST-DXB, DOH, or AUH, and for the Gulf carriers themselves, the SEA-Middle East corridor is the commercial priority lane for the next 6-8 weeks.

## Cold Chain and Perishables: UAE Import Infrastructure in a Constrained Belly Environment

A concrete illustration of what the Gulf hub capacity constraint means at the level of real supply chains: the UAE perishable imports market — one of the most time-sensitive and mode-sensitive freight categories — has been operating under charter and direct-service models rather than relying on belly capacity during the suspension period. LuLu Group's wholesale arm is operating chartered flights from Australia, New Zealand, India, and South Africa for Eid al-Adha preparations; VIVA Supermarket is sourcing from India, Pakistan, Australia, South Africa, and Brazil on high-frequency small-batch schedules characteristic of cold-chain airfreight.

This is not a marginal freight category. LuLu operates 20 distribution centres across GCC and Egypt. VIVA is targeting 30% year-on-year growth in Eid volumes. The India-UAE corridor and Australia-UAE corridor are among the most time-sensitive and least substitutable freight types in the Gulf import infrastructure. The willingness to charter rather than rely on scheduled belly capacity reflects both the premium placed on supply chain reliability and the reality of what scheduled belly availability looks like when Gulf carrier frequencies are at 60-70% of normal.

**As Turkish Airlines restores belly capacity on Istanbul-Dubai from 9 June and Emirates and Etihad continue rebuilding frequency, the first commercial beneficiaries will include exactly these high-frequency cold-chain flows. This is a leading indicator of when belly capacity additions translate into real-economy relief — not when the airline press release is issued, but when perishable shippers reduce their charter dependency and move back onto scheduled services.**

## Sea-Air via Saudi Arabia: A Mode Reborn Under Pressure

One of the less-discussed structural consequences of the Hormuz closure is the effective elimination of Sea-Air intermodal transit through Dubai and Jebel Ali. Pre-conflict, Dubai was the world's most significant Sea-Air hub: containers arriving via Hormuz from South and Southeast Asia were deconsolidated at Jebel Ali and converted to air freight at DXB or DWC for onward delivery to markets across Europe, Africa and the Americas. The Hormuz closure removed that model entirely — no vessel transit, no Sea-Air feed into the Gulf hub.

The volumes that previously moved on that corridor were not small. Sea-Air via Dubai was a well-established premium alternative to pure ocean on time-sensitive goods — electronics, pharmaceuticals, high-value consumer goods — where the ocean leg from Asia to Jebel Ali reduced cost against pure air, and the air leg from Dubai compressed transit time against pure ocean. Conservative industry estimates placed Sea-Air transit volumes through Jebel Ali at several hundred thousand tonnes per year. Those flows did not simply disappear; they redistributed — but at higher cost and complexity.

**The substitute that has emerged is air-to-road bonded trucking via Saudi Arabia. Pentagon Freight, JAS, and other forwarders operationalised Dammam and Riyadh as air freight gateways with bonded truck services onward into Dubai and Qatar — up to three times weekly, fully operational from March. Khor Fakkan and Fujairah on the UAE east coast handle rerouted ocean feeder volumes with DP World providing bonded trucking into Jebel Ali and Khalifa Port. Salalah and Sohar in Oman serve as the primary non-Hormuz maritime workaround. The result is a multi-modal patchwork that works — but adds two to three handling points, extends transit times materially, and carries war-risk, fuel, and emergency surcharges at every stage.**

When Hormuz reopens — even partially — the recovery of Sea-Air through Jebel Ali will be one of the earliest and most commercially significant normalisation signals. It is also a direct beneficiary of the UAE airspace restoration: the air-out leg of Sea-Air requires DXB and DWC to be functional. The full Sea-Air model requires both Hormuz maritime access and Gulf hub air capacity — which is precisely why its recovery is a trailing indicator rather than a leading one, and why any Hormuz easement from the MOU framework carries commercial implications beyond the headline shipping lanes.

## POLICY & TRADE RADAR

- EU de minimis — 36 days to implementation: The 1 July threshold elimination for parcels under €150 entering the EU is 36 days away. France has already implemented the €2 per parcel fee ahead of schedule; the result is visible in the data — low-value air cargo imports to France have dropped sharply since March, with volumes shifting to neighbouring countries to avoid the added cost. The widespread implementation on 1 July will produce a sharp, visible correction in China-EU air cargo volumes. The risk to avoid is misreading that correction as structural demand softening rather than a policy-induced redistribution of mode and geography. ([Freightos / Portless](#))
- Section 232 Pharmaceuticals — onshoring deadline 12 June: Commerce published procedures on 13 May for companies to reduce the pharma tariff from 100% to 20% via onshoring agreements; 0% for holders of both onshoring and MFN pricing agreements. The filing deadline is 12 June — 17 days away. Companies not filing have implicitly chosen the 100% rate, front-loading the freight impact to pre-31 July rather than spreading it across H2. The India-US and Asia-US freight lane implication follows directly from the filing pattern in the next two weeks. ([WilmerHale / Commerce](#))
- US-China: no comprehensive agreement despite Trump-Xi summit: The mid-May Trump-Xi summit in Beijing produced commitments on agricultural purchases, rare earth access, and Boeing aircraft sales, along with bilateral boards on trade and investment. What it did not produce is any modification to the tariff structure. The Kuala Lumpur Arrangement — the 10% reciprocal tariff and tariff-exclusion suspension — expires 10 November 2026. Polymarket crowd-sourced probability of a comprehensive agreement before 31 May: 6%. The tariff cliff is intact, 168 days out. ([BBC / Polymarket](#))

## Q4 2026: THE COMPOUNDING THESIS — UPDATED

Since the Q4 framework was introduced last week, one variable has moved in a potentially material direction: the US-Iran MOU. If a framework agreement is reached in the coming days, the scenario table changes — specifically, the "Iran west FIR remains closed" force would begin to ease, and a Hormuz reopening timeline would emerge. This matters for Q4 because it is the single most powerful easing force in the scenario table, and it is also the one most resistant to modelling given the number of conditional steps between an MOU and functioning commercial air transit.

Force	Direction	Q4 rate implication
Iran west FIR: ceasefire holding but violated	<b>Uncertain</b>	Any escalation triggers immediate route disruption and rate spike
Gulf hub recovery: TK June 9, LH September 13	<b>Easing (partial)</b>	Incremental belly capacity; Lufthansa the key — September at earliest
Seasonal peak demand (Oct-Dec)	<b>Tightening</b>	Normal +15-25% demand uplift on Asia-origin lanes
US-China tariff truce expires 10 November	<b>Tightening</b>	Front-loading cycle adds pre-cliff demand in September-October
Section 232 pharma (31 July)	<b>Mixed</b>	Pre-tariff build in Q2-Q3; post-tariff correction from October
EU de minimis (1 July)	<b>Easing (corridor-specific)</b>	China-EU parcel correction; does not affect Asia-NA constraint
Freighter fleet growth constrained	<b>Tightening</b>	No meaningful supply addition through end 2026
Jet fuel structural floor (80-100% above pre-conflict)	<b>Tightening</b>	Cost floor sustains rate floor regardless of demand level

The updated scenario table reflects one modification from Issue #6: the ceasefire row replaces the binary "Iran west FIR closed" force with the more accurate current state — the ceasefire is holding under stress, with an MOU potentially close. This introduces optionality that did not exist seven days ago. The base case remains: Iran west FIR does not reopen before Q4 on any schedule that materially changes the routing economics for the September-November window. The MOU, if signed, initiates a 30-day negotiation period. Mine clearance is estimated at six months in a cooperative environment. Commercial airspace restoration follows political settlement, not precedes it. The Q4 window is 168 days away; the realistic airspace restoration timeline in an optimistic scenario is 120-150 days. Those are not compatible timelines.

*The compounding mechanism has not changed. Seasonal demand, tariff-truce cliff, and constrained supply capacity are converging on Q4 regardless of the geopolitical outcome. The MOU scenario reduces the severity of the compounding — if Hormuz reopens, jet fuel costs ease, some routing restoration occurs, and the worst-case Q4 scenario is less severe. But the moderate scenario — seasonal peak plus tariff-cliff front-loading in a market still running 10-15% below normal capacity — remains intact.*

## CAPITAL & STRATEGY SIGNALS

---

- Turkish Airlines 9 June — the asymmetry argument: Turkish Airlines confirms Istanbul-Dubai passenger services resume 9 June on widebody equipment, restoring belly capacity at DXB and reopening Istanbul transit connectivity for Asia-Europe flows. Turkish Cargo freighters operated into Al Maktoum throughout the suspension period — the June return is additive at DXB, not a cold restart. The commercial asymmetry: Turkish Airlines at DXB on 9 June; Lufthansa not until 13 September. That four-month window is the market share contest that defines the near-term commercial architecture on Europe-Asia transit through the Gulf. Forwarder relationships and routing agreements built in this window will not automatically revert when Lufthansa returns. ([Gulf News / Turkiye Today](#))
- Rotata adopted by GEODIS (18 May): GEODIS, one of the world's largest freight forwarders, adopted Rotata's Live Capacity data platform in an agreement announced 18 May. This is a significant signal of institutional adoption for capacity data that was previously more specialised. Rotata's dataset tracks real-time available capacity by corridor and is increasingly used as a leading indicator ahead of the lagged IATA CTK data. For operators and analysts, the Rotata-GEODIS pairing means the market's second-largest forwarder is now pricing and capacity-planning off data that goes beyond schedule-based assumptions. This is the commercial intelligence infrastructure of a market that no longer trusts published schedules as a proxy for available lift. ([STAT Trade Times](#))
- Spot procurement entrenching: 52% of air cargo volumes procured on spot in March 2026 (Xeneta) versus the normal 30-35%. As of the week ending 19 May, the structural conditions that produced that shift have not changed: contract rates diverged from spot reality during the conflict-shock period, and shippers have not systematically moved back to forward commitments. The contract renewal cycle in H2 2026 — which normally sets rate expectations for the following year — will take place against this backdrop. Carriers and forwarders entering Q3 rate negotiations will be working in an environment where spot is elevated, Q4 demand is uncertain, and the counterparty has tactical procurement experience that was not normal twelve months ago.
- Riyadh Cargo and Vision 2030 validation: Saudi Arabia's airspace has operated as the primary southern bypass routing for three months. The operational validation of Saudi Arabia as a transit hub — not hypothetical, but under real-market conditions with real cargo flows — is the strongest commercial argument the Kingdom's aviation strategy has produced. GACA's fifth-freedom traffic right extensions, if they follow operational reality, would constitute a structural market-access change rather than just a

regulatory experiment. Watch for any announcements from Riyadh Air on commercial launch, partnership agreements, or route additions in the next 30-60 days. ([Aviation Week](#))

## THE JTD DOT

### The MOU changes the probability distribution. It does not change the Q4 planning problem.

If the US-Iran memorandum of understanding is signed in the coming days, the market will produce a relief rally. Rates on Iran-adjacent corridors will ease on the headline; Gulf carrier forward bookings will strengthen; oil prices will pull back from current levels. Some of this will be warranted. Most of it will be premature.

An MOU is not a peace agreement. It initiates a 30-day negotiation period for a full framework. Mine clearance at Hormuz is a six-month programme in a cooperative environment. Commercial airspace through Tehran FIR requires political settlement, safe-airspace NOTAM withdrawal, insurer re-entry, and airline schedule recertification — the sequence takes months in a benign environment. The ceasefire has been violated twenty-seven times since its declaration. The underlying strategic interests that produced the conflict — Iranian nuclear capability, US maximum-pressure posture, Israeli red lines — have not been resolved by the MOU framework.

*Operators who wait for a headline ceasefire before adjusting Q4 plans will be behind the curve by the time the adjustment is possible. The planning window for Q4 capacity commitments is now. The MOU is a reason to monitor closely; it is not a reason to defer.*

## DATA SOURCES

Source	Coverage This Issue
<a href="#">ITLN / TAC Index — 13 May</a>	BAI00 +35.8% YoY wk to 11 May; corridor-level detail: BAI40 +61.8%, BAI80 +36.1%, BAI30 +37.9%, BAI50 +41.4% YoY
<a href="#">Freightos — 19 May weekly update</a>	China-NA +1% WoW; China-NE -1%; SEA-ME above \$4.75/kg new high; S.Asia-ME above \$4.00/kg; Asia-Europe rates 50%+ above pre-war, plateauing
<a href="#">Xeneta — 1 May April analysis</a>	Global spot rates +30% YoY in April to \$3.34/kg — three-year high. S.Asia/SEA to Europe and NA peaked wk 12 April. NE Asia new highs wk 26 April. Europe-NA -17% to \$2.57/kg
<a href="#">Pentagon Freight — Sea-Air / multimodal update (23 Mar)</a>	Dammam/Riyadh air-to-road bonded trucking active; Khor Fakkan/Fujairah/Sohar/Salalah maritime workarounds; Jebel Ali Sea-Air model eliminated by Hormuz closure
<a href="#">IATA — March 2026 Air Cargo Analysis (29 Apr)</a>	CTK -4.8% YoY; Middle East -54.3%; Africa +7.0%; CLF 47.9%; yields +13.6% YoY; jet fuel +106.6% YoY; Europe-Asia freighter +17.9%
<a href="#">Gulf News — Turkish Airlines Dubai (18 May)</a>	IST-DXB passenger services resume 9 June; widebody equipment; DWC cargo freighters operational throughout suspension period
<a href="#">The National — Middle East flight status tracker (20 May)</a>	Comprehensive carrier-by-carrier suspension/resumption status; Gulf Air, Saudia, Qatar Airways partial restoration detail
<a href="#">Axios — US-Iran MOU framework (6 May)</a>	One-page MOU close: nuclear enrichment halt; Hormuz ease; 30-day negotiation period; enrichment moratorium duration under discussion
<a href="#">Wikipedia — 2026 Iran war ceasefire</a>	Ceasefire timeline: 8 April declaration; 21 April indefinite extension; Islamabad talks failed; 25 May US strikes at Bandar Abbas; Hormuz IRGC-controlled toll regime
<a href="#">Al Jazeera — Hormuz vessel passage (20 May)</a>	Iran facilitated 26 vessels in 24 hours under IRGC-regulated maritime area; discussions with Washington stalled; Trump warned of military action
<a href="#">Safe Airspace — Iran NOTAM status (26 May)</a>	Tehran FIR: Do Not Fly. French NOTAM F0992/26 issued 12 May, valid to 27 May. German, Italian operators advised to avoid FIR OIIX

Source	Coverage This Issue
<a href="#">WilmerHale / Commerce — Section 232 pharma (13 May)</a>	Onshoring application procedures published 11 May; deadline 12 June; reduced 20% rate for approved plans; 0% for MFN agreement holders
<a href="#">Portless / Avalara — EU de minimis (1 July)</a>	EU flat-rate €3/HS code on parcels under €150 from 1 July. France already implemented €2 fee — visible volume correction underway. US eliminated \$800 de minimis Aug 2025
<a href="#">Polymarket — US-China tariff agreement</a>	6% probability of comprehensive agreement before 31 May. KL Arrangement expires 10 November 2026
<a href="#">STAT Trade Times — GEODIS/Rotate (18 May)</a>	GEODIS adopts Rotate Live Capacity data platform — mainstream institutional adoption of real-time capacity intelligence
<a href="#">Gulf News — UAE perishable imports (13 May)</a>	LuLu Group chartering flights from AUS/NZ/IND/ZAF for Eid; VIVA Supermarket targeting 30% YoY growth; cold-chain charter model reflects belly capacity constraint

*Disclaimer: JTD Airfreight Intelligence is produced by JTD Advisory Ltd for strategic informational purposes. It is intended for industry practitioners, operators, freight investors, and policymakers. Nothing in this newsletter constitutes financial advice or a recommendation to buy or sell any security or financial instrument. Readers should conduct their own due diligence before making any commercial or investment decision.*