

JTD AIRFREIGHT INTELLIGENCE

Joining the Dots Across Cargo,
Capital and Trade Policy

JTD Advisory Ltd

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BAI00 +32.7% YoY

Rate plateau reversed upward — week to 1 June, up from +29.6%

Heathrow BAI40 +71.2% YoY

+31.6% WoW — sharpest transatlantic surge of the conflict cycle

Section 232 deadline 12 June

3 days: pharma onshoring window closes — leading indicator for Asia-US Q3 lanes

THE VIEW FROM HERE

Three weeks ago, rates were easing from a plateau and the first tentative stabilisation signals were present. This week, the picture shifted back. The Baltic Air Freight Index closed the week to 1 June at BAI00 +32.7% year-on-year — a reversal from +29.6% the prior week, driven by two simultaneous forces: EU de minimis front-running into June and what TAC Index commentary describes as early Q4 peak season capacity locking by operators. The market is not softening its way to normalisation. It is pricing a future it can see coming.

The sharpest signal is Heathrow. BAI40 closed +71.2% year-on-year and +31.6% week-on-week — the steepest transatlantic move of this conflict cycle. Heathrow-origin rates at this level reflect a structural UK outbound premium that has compounded with the transatlantic demand surge. It is not a one-week anomaly. It is the market's assessment of UK capacity constraints in a cycle where every capacity buffer has already been drawn down.

The Iran MOU remains unsigned. The Soufan Center's 1 June assessment remains the clearest read: both sides insist agreement is at hand; neither side is operating from the same draft. Trump sent the MOU text back to Iran requesting specification of timeline, extent of nuclear commitments, and immediate Hormuz opening on signing. Iran's position — no action before sanctions relief, Ghalibaf warning the US "not to be trusted" — is unchanged. German and French NOTAMs on Tehran FIR renewed this week; Germany's valid to 3 September. The structural constraint on this market is not resolving before the seasonal peak. That is the operating assumption until the evidence says otherwise.

IATA May 2026 data is not yet published. Expected in the final week of June.

DEMAND PULSE

- BAI00 reversal — +32.7% YoY, +2.8% WoW (week to 1 June): The rate plateau that had been gradually easing from a +37.2% peak in mid-May broke upward rather than downward. TAC Index commentary attributes the reversal to two simultaneous demand injections: EU de minimis pre-loading (shippers booking

ahead of 1 July) and early Q4 capacity locking. Hong Kong BAI30 +39.0% YoY, +4.0% WoW — Asian origin spot rates firming. Shanghai BAI80 +29.9% YoY, +0.9% WoW — broadly stable at elevated level. Chicago BAI50 +16.3% YoY, +2.3% WoW — US outbound recovering from prior week correction. ([TAC Index — 2 June 2026](#))

- Heathrow BAI40 — +71.2% YoY, +31.6% WoW: The most significant single-lane rate move of the week, and a sustained structural signal rather than a spike. UK-US transatlantic rates at this level reflect constrained outbound capacity, inbound demand asymmetry, and the compounding effect of the Lufthansa group suspension of UK-Gulf routes (not reinstated until September at earliest). The Heathrow premium has been building for three months; at +71.2% it has reached the level where shipper and forwarder route optimisation decisions — diverting via Amsterdam, Paris, or Frankfurt — begin to look commercially justified. ([TAC Index — 2 June 2026](#))
- Frankfurt BAI20 — +14.8% YoY, -8.8% WoW: The week-on-week softening in Frankfurt reflects lower spot on lanes to the Gulf, China, and India specifically — corridors where marginal capacity has partially returned. The year-on-year number remains structurally elevated. The divergence between Heathrow (+31.6% WoW) and Frankfurt (-8.8% WoW) in the same week is the clearest single-week illustration of corridor-level differentiation within a market that looks uniform at the headline level. ([TAC Index — 2 June 2026](#))
- EU de minimis front-loading — the pre-1 July surge: TAC Index commentary for the week to 1 June explicitly cites China-Europe pre-loading as a driver of rate pressure. Forwarder booking patterns confirm shippers are moving China-EU volumes into June ahead of the 1 July EU-wide flat duty imposition (€3 per HS6 subheading on IOSS sub-€150 shipments). The front-load will produce a sharp volume correction in the first two weeks of July. The France CDG signal from March — 92% drop in customs declarations in week one, approximately 50 freighter flights lost — remains the best available read of what 1 July looks like at scale. ([FlavorCloud / TAC Index](#))

TRADE LANE INTELLIGENCE

Transatlantic: The Heathrow Structural Premium

BAI40 Heathrow at +71.2% YoY and +31.6% WoW is not a transient spike. It is the product of four compounding constraints that have been building since February: reduced UK-Gulf belly capacity (Lufthansa group suspended to 13 September at minimum, removing a meaningful tranche of sixth-freedom connecting capacity through Frankfurt and Munich); constrained transatlantic freighter supply with no meaningful fleet addition; the surge in US-bound pre-tariff and pharmaceuticals-adjacent shipments from UK-origin shippers facing the 12 June onshoring deadline; and now the removal of the only independent UK widebody freighter operator from the market.

European Cargo Limited entered administration on 3 June 2026, six years after it began operations converting retired passenger jets into freighters. Its fleet of six Airbus A340-600 freighters — the type that defined its China-to-UK e-commerce model — is now parked at Bournemouth and Teesside. The last revenue flight operated on 19 May. The A340-600's four-engine fuel burn, already a structural liability at normalised rates, became unviable when e-commerce pricing pressure and one-way traffic economics compounded with rising fuel costs. The collapse leaves One Air as the United Kingdom's sole significant independent widebody cargo operator.

The timing is directly material to the Heathrow rate picture. European Cargo's China-UK e-commerce capacity exits the market at precisely the moment EU de minimis pre-loading is accelerating inbound volumes from China into Europe. The capacity that was absorbing a portion of that flow no longer exists. The Heathrow-Frankfurt divergence this week (+31.6% WoW vs -8.8% WoW) reflects a UK supply-side problem that has now deepened

further. Rate relief will require either restored Lufthansa group Gulf services (not before September) or significant diversion of UK cargo through continental hubs — Amsterdam, Paris CDG, Frankfurt — at the cost of additional handling and transit. The diversion is occurring at the margin but has not been sufficient to close the spread.

Gulf Hub Recovery and the Middle East Constraint

The operative picture on Gulf hub recovery is unchanged from last week's analysis. Tehran FIR (OIIX) remains closed — Germany issued a new NOTAM on 3 June, valid to 3 September 2026, extending its do-not-fly assessment by three months. France's EASA-linked NOTAM and EASA CZIB 2026-03 were both due for renewal on 10 June; any change in scope or language would be the first institutional signal of a shifting risk assessment, but no reopening is anticipated. The southern bypass via Saudi-Omani airspace remains the functional corridor.

Qatar Airways remains at approximately 60% freighter and 70% belly capacity against pre-conflict levels, constrained by the same FIR closures. The Gulf-to-Gulf rate recovery that Gulf News and Rotate have noted — rates to Middle East origin/destination normalising relative to the March peak — reflects improved UAE operational capacity, not structural airspace normalisation. The Lufthansa group has confirmed Tel Aviv restart (Austrian Airlines 2 June, 1 daily; Lufthansa 1 July, 2 daily FRA-TLV). Dubai remains suspended to 13 September. Abu Dhabi, Riyadh, Muscat, and Amman to 24 October.

POLICY & TRADE RADAR

- US-Iran MOU — mutual suspicion persists: As of 1 June, Trump returned the MOU draft to Iran demanding specification of the timing and extent of nuclear commitments, alongside immediate Hormuz opening on signing. Iran's position: no action before the US lifts blockade and eases sanctions. Speaker Ghalibaf stated the US "cannot be trusted." Pakistani and Qatari mediators are active; direct US-Iran talks have not occurred. The Soufan Center assessment is that both sides are working through the same formal process but may not be operating from the same draft text. The 30-day negotiation window from MOU signature to commercial airspace restoration framework has not started. Six months of mine clearance follows. ([Soufan Center — 1 June 2026](#))
- Section 232 pharma — 12 June deadline, 3 days away: Companies that file and secure approval pay 20% rather than the 100% effective 31 July (large companies) and 29 September (small companies). MFN pricing agreement holders pay 0% through January 2029 but must actively file. The filing pattern by end of this week is the leading indicator for India-US and Asia-US Q3 freight lane behaviour — non-filers have accepted the 100% rate and will front-load shipments into the pre-31 July window, adding demand to already-constrained lanes. ([WilmerHale — 13 May / Skadden — 1 June](#))
- EU de minimis — 22 days to 1 July implementation: The flat €3 per HS6 subheading duty on IOSS sub-€150 shipments takes effect across all EU member states. The France CDG pattern (March implementation: 92% drop in customs declarations week one, approximately 50 freighter flights lost) gives the scale reference. Volumes redistributed to Liège, Amsterdam, and Frankfurt in France's case; the EU-wide implementation will produce a similar redistribution dynamic plus a genuine near-term volume correction as front-loading reverses. The November 2026 EU-wide €2-3/package handling fee remains targeted but not yet enacted. ([FlavorCloud / STAT Trade Times](#))
- US-China — 154 days to the cliff: The Kuala Lumpur Arrangement expires 12:01am EST 10 November 2026. No modification from the Trump-Xi summit. The pre-cliff front-loading cycle is expected to begin appearing in September booking data. The analytical question for July is whether any forwarder commentary on forward capacity requests signals the front-load is being placed earlier than expected. ([White House / KL Arrangement](#))

Q4 2026: THESIS AUDIT — DECISIONS, NOT FORCES

The Q4 thesis — seasonal peak, tariff cliff, and structural capacity shortage arriving simultaneously — is no longer a forward projection. The market is making decisions against it now. The table below tracks the signals this week that confirm, challenge, or remain pending on the thesis. Forces are not restated; only the commercial decisions and market actions that test the thesis are recorded.

Market decision / signal	Thesis reading	What to watch next
TAC Index: early Q4 capacity locking reported in weekly commentary (week to 1 June)	Confirms — operators pricing in Q4 tightness now	August forward booking data; forwarder contract requests
EU de minimis pre-loading: front-running China-EU bookings ahead of 1 July cliff	Confirms — shippers acting on policy cliff ahead of schedule; demand pull-forward into June	Volume pattern in first two weeks of July (correction or redistribution?)
Section 232 pharma — 12 June deadline: filing pattern determines lane allocation	Pending — companies filing accept 20% and plan onshoring; non-filers accept 100% and will front-load pre-31 July	Post-12 June filing announcements; India-US lane rates in July
BAI00 reversal: +32.7% YoY (week to 1 June) vs +29.6% prior — rate plateau broke upward not downward	Confirms — market not softening to normalisation; elevated floor is reasserting	Whether reversal holds into June or corrects
European Cargo administration (3 June): UK A340-600F operator ceases trading; One Air now sole significant UK independent widebody operator	Confirms — supply-side withdrawal from UK capacity base compounds structural Heathrow premium; no replacement capacity visible	Unlikely One Air absorbs displaced volumes flow migrates to continental hubs
Atlas Air acquires 49% stake in Air Atlanta (SPA signed 28 May): extends reach into ACMI/charter tier ahead of Q3 close	Confirms — major operator positioning for surge capacity demand; market reading Q4 as structurally tight	Deal close Q3 2026; whether Atlas deploys Air Atlanta 747F capacity into Q4 peak season on spot
Lufthansa Dubai: 13 September unchanged; LH Tel Aviv reinstated 1 July (2 daily FRA-TLV)	Neutral/partial — selective confidence return to Levant but Gulf belly capacity still constrained at September	LH September 13 date — any revision extends Heathrow premium
MOU still not signed as of 9 June: mutual suspicion on timeline/enforcement persisting	Thesis-consistent — airspace restoration remains post-Q4; capacity constraint not resolving in time for peak season	Signing announcement; Hormuz transit language

The pattern across the eight signals is consistent. Five are confirming (rate reversal, EU pre-loading, capacity locking, European Cargo exit, Atlas/Air Atlanta stake). One is thesis-consistent negative (MOU unsigned). One is neutral/partial (LH Tel Aviv). One is pending (pharma filings, resolved this week). The European Cargo and Atlas signals are the most strategically significant additions: one is a supply withdrawal that worsens the capacity constraint; the other is an operator response that acknowledges the same conclusion. The thesis does not need further narration. It needs monitoring.

CAPITAL & STRATEGY SIGNALS

- European Cargo administration — UK widebody capacity exits the market: European Cargo Limited entered administration on 3 June 2026, ceasing all trading. Its six Airbus A340-600 freighters are parked; 178 jobs lost. The collapse was driven by the A340-600's structurally high fuel burn becoming uneconomic at normalised rates, compounded by e-commerce price pressure and one-way traffic economics on China-UK lanes. Joint administrators from Teneo Financial Advisory are appointed. One Air is now the United Kingdom's sole significant independent widebody cargo operator. The strategic implication is direct: dedicated UK freighter capacity on China-UK e-commerce lanes has contracted at exactly the moment EU de minimis pre-loading is accelerating inbound demand. The capacity withdrawal compounds the Heathrow structural premium. ([ch-aviation / Boston Warwick — 4 June 2026](#))
- Atlas Air acquires 49% stake in Air Atlanta — surge capacity strategy: Atlas Air Worldwide signed a Share Purchase Agreement on 28 May 2026 to acquire a 49% minority equity stake in Air Atlanta, the Iceland and Malta-based ACMI and aircraft management specialist. The existing Air Atlanta management team retains 51% controlling interest. The transaction is expected to close in Q3 2026 subject to regulatory approval. The commercial logic is straightforward: Atlas is extending its reach into the flexible, deployable tier of the market — ACMI wet-lease capacity that can be directed at peak-season demand spikes without the capital commitment of outright fleet acquisition. The deal is signed at a moment when TAC Index is already reporting early Q4 capacity locking. Atlas is positioning for a market it has concluded will be structurally tight through the seasonal peak. ([Atlas Air Worldwide press release — 28 May 2026](#))
- Dedicated freighter operators — structural advantage persisting: The April IATA data pattern (dedicated freighters +7.0% YoY while belly cargo declined marginally) is reinforced by this week's rate move. The BAI00 reversal is principally a spot market event — freighter operators with locked capacity on high-demand lanes capture the upside directly. UK-US freighter capacity is fully committed; any incremental demand goes to spot at +71.2% YoY. The European Cargo exit removes the only independent alternative on UK-China lanes, concentrating that volume onto fewer operators. ([IATA / TAC Index](#))
- Forwarder capacity positioning — the 6-week window: TAC Index commentary on early Q4 capacity locking is the first public signal that the H2 commercial cycle has started. Forwarders securing capacity now against a Q4 scenario of elevated rates, tariff-cliff demand, and constrained supply are making the same analytical judgment as the thesis. Contract versus spot allocation decisions made in the next six weeks will determine operator positions in the Q4 market. Forwarder commentary on forward capacity requests is the indicator to monitor from July. ([TAC Index — 2 June 2026](#))
- Sea-Air recovery indicator — still suspended: The Jebel Ali Sea-Air model requires Hormuz maritime access and Gulf hub air capacity simultaneously. With the MOU unsigned and Tehran FIR closed to September, the multi-modal workaround (Dammam/Riyadh bonded trucking, Khor Fakkan/Fujairah east coast feeders, Sohar/Salalah maritime bypass) remains in use at elevated cost and transit time. Sea-Air recovery is a trailing indicator of genuine disruption unwinding rather than stabilisation. It has not started. Its absence remains relevant.

Three things happened to UK cargo capacity in the last ten days. None of them are reversible before peak season.

The Iran MOU remains unsigned and Germany has extended its Tehran FIR do-not-fly assessment to September, meaning Lufthansa Group's Gulf services — and the sixth-freedom belly capacity they feed through Frankfurt and Munich — are not returning before the seasonal peak. European Cargo entered administration on 3 June, removing the only independent widebody freighter operator in the UK from a market that was already short of capacity. And the rate data confirmed both: BAI40 Heathrow closed +71.2% year-on-year and +31.6% week-on-week while Frankfurt softened. The Heathrow premium is not a pricing anomaly. It is the market's accurate assessment of a supply-side problem that has just got structurally worse.

Against this, Atlas Air's 49% stake in Air Atlanta is a coherent strategic response — extending reach into deployable ACMI capacity at exactly the moment the market is signalling Q4 tightness. That is how rational operators respond to a supply-side problem they cannot solve by waiting. The question for everyone else is whether their H2 capacity position reflects the same read.

The corridor divergence is not temporary. The capacity withdrawal is not reversible. Position accordingly.

DATA SOURCES

Source	Coverage This Issue
TAC Index / LinkedIn — 2 June 2026 update	BAI00 +32.7% YoY, +2.8% WoW; BAI40 Heathrow +71.2% YoY, +31.6% WoW; BAI30 HK +39.0% YoY; BAI80 Shanghai +29.9% YoY; BAI20 Frankfurt +14.8% YoY, -8.8% WoW; BAI50 Chicago +16.3% YoY; EU de minimis pre-loading and early Q4 capacity locking cited as rate drivers
Soufan Center — 1 June 2026	US-Iran MOU: mutual suspicion persists; Trump returned draft demanding timing/extent of nuclear commitments and immediate Hormuz opening; Iran: no action before sanctions relief; Ghalibaf warns US "not to be trusted"; mediators Pakistan, Qatar active; direct talks not yet held
Safe Airspace — Iran (9 June check)	Tehran FIR (OIIX): Do Not Fly — active. Germany NOTAM EDWW B0437/26 (3 June): valid to 3 September 2026. France NOTAM LFFF F1104/26 and EASA CZIB 2026-03-R11 both due for renewal 10 June — watch for scope change
Lufthansa Experts — 8 June 2026	Tel Aviv: Austrian Airlines 2 June (1 daily); Lufthansa 1 July (2 daily FRA-TLV). Dubai suspended to 13 September. Abu Dhabi, Riyadh, Muscat, Amman, Beirut, Dammam, Erbil, Tehran to 24 October. Eurowings Dubai/AUH/AMM to 24 October
WilmerHale / Skadden — Section 232 pharma	Onshoring deadline 12 June 2026; 20% rate for approved applicants; 100% tariff effective 31 July (large companies), 29 September (small); MFN pricing holders: 0% to January 2029
FlavorCloud — EU de minimis guide	EU 1 July: flat €3 per HS6 subheading on IOSS shipments under €150; November 2026: €2-3/package handling fee targeted; France CDG impact (March): 92% drop in customs declarations, ~50 freighter flights lost week one; volumes redistributed to Liège, Amsterdam, Frankfurt
IATA — April 2026 (28 May)	Global CTK +4.0% YoY; Middle East -18.2% (vs -54.3% March); Asia-Pacific +10.5%; CLF 46.0%; yields +32.2% YoY; jet fuel +121.1% YoY; dedicated freighters +7.0%. May 2026 data expected final week of June
ch-aviation / Boston Warwick — 4 June 2026	European Cargo Limited administration: 6 x A340-600F parked; last revenue flight 19 May; 178 jobs; joint administrators Teneo Financial Advisory; One Air now sole significant UK independent widebody operator; collapse driven by A340-600 fuel burn, e-commerce price pressure, one-way traffic economics

Source	Coverage This Issue
Atlas Air Worldwide press release — 28 May 2026	SPA signed: Atlas acquires 49% minority stake in Air Atlanta (Iceland/Malta ACMI specialist); management retains 51%; deal expected to close Q3 2026 subject to regulatory approvals
White House — KL Arrangement (Nov 2025)	US-China reciprocal tariff suspension to 12:01am EST 10 November 2026 — 154 days from 9 June

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