

# State of the Region:

## Africa & Middle East

**IATA Economics**

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# GDP growth, exchange rates, oil & jet fuel price

- The trade-weighted US dollar index rose by 0.9% in November vs. October. Amongst the key regional currencies, the ZAR ended the month down 5.5% against the US\$ amidst the discovery of the Omicron variant in South Africa.
- Jet fuel and Brent crude oil prices fell in November due to rising supply and concerns about the spread of the new virus strain. That said, they remained above pre-crisis 2019 levels.

## GDP growth

<i>% change on a yr ago</i>	2020	Q1 2021	Q2 2021	Q3 2021
Saudi Arabia	-4.1	-2.6	1.9	7.0
Nigeria	-1.8	0.4	5.4	4.1
Egypt	0.0	1.6	7.2	--
South Africa	-6.4	-2.8	19.0	3.1
UAE	-5.9	--	--	--
Kenya	-0.3	0.8	10.2	--
Jordan	-1.6	0.3	3.2	--
<b>World*</b>	<b>-3.5</b>	<b>2.9</b>	<b>11.6</b>	<b>4.7</b>

## Exchange rates

<i>end of period, # per US\$</i>	% 2021 YTD	Sep-21	Oct-21	Nov-21
US\$ broad index	2.9%	113.8	114.4	115.4
Saudi Arabian riyal (SAR)	0%	3.75	3.75	3.75
Nigerian naira (NGN)	-4.8%	413.8	413.8	413.8
Egyptian pound (EGP)	-0.1%	15.7	15.7	15.7
Sth African rand (ZAR)	-9.8%	15.1	15.2	16.0
UAE dirham (AED)	0%	3.67	3.67	3.67
Kenyan shilling (KES)	-3.1%	110.5	111.3	112.6
Jordanian dinar (JOD)	0%	0.71	0.71	0.71

## Oil and fuel price

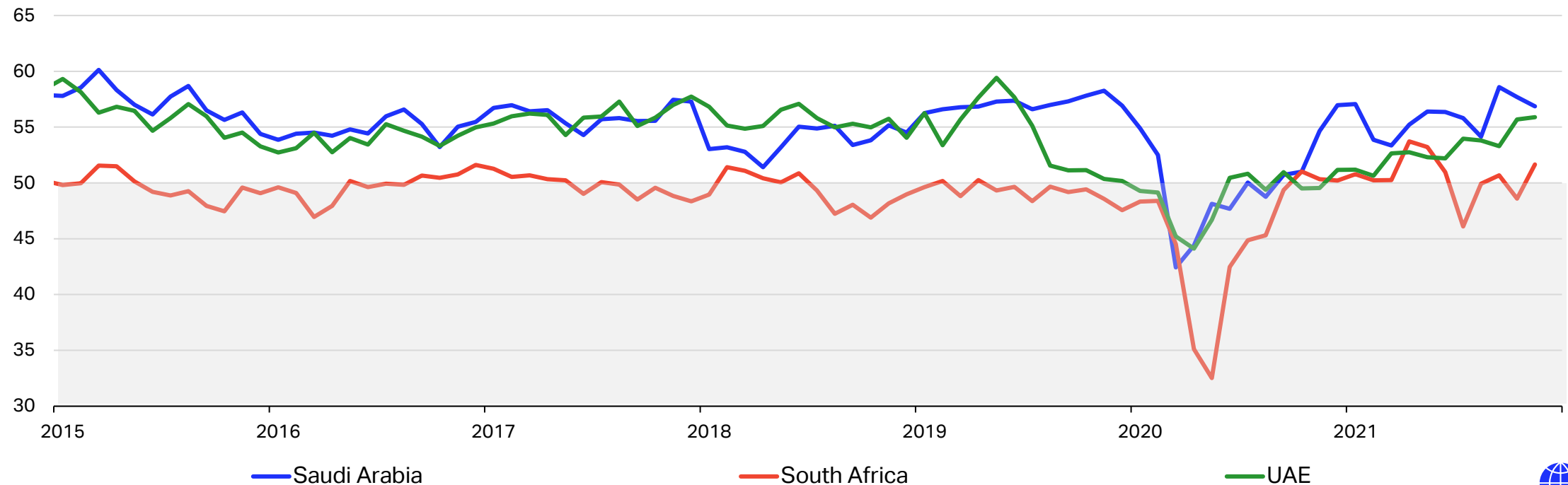
<i>US\$/barrel (period ave.)</i>	2020	Sep-21	Oct-21	Nov-21
Crude oil (Brent)	43.4	74.7	83.9	80.9
Jet fuel	46.3	82.9	95.6	91.8

# Business confidence

- The growth in Saudi Arabia's economic activity eased but remained robust as the country continues to recover from the pandemic effects. South Africa's economy returned to expansion in November based on PMI surveys, however supply constraints and rising inflation represent a challenge to further improvements. Economic expansion accelerated in the UAE, driven by increased business activity around Expo 2020.

## Business confidence - economy-wide PMIs

50=no change, seasonally adjusted



# Passenger market

- Global air travel continued to slowly recover in October, with industry-wide revenue passenger-kilometres (RPKs) 49.4% below October 2019 values. Both domestic and international RPKs contributed to the improvement.
- Carriers in Africa and in the Middle East saw similar RPK declines at 60.1% and 59.0%, respectively in October compared to 2019. Travel restrictions have eased in both regions recently, but trends diverge widely in terms of vaccination – while most countries in the Middle East have reached widespread vaccination, less than 10% of Africans had been fully vaccinated at the end of November.

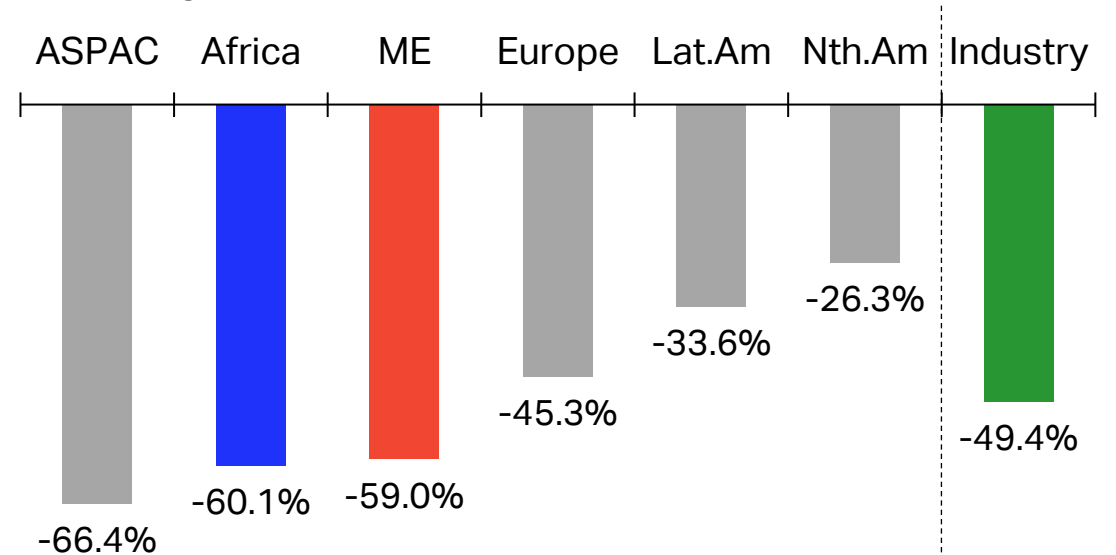
## Revenue passenger kilometers (RPKs)

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	2020	Aug-21	Sep-21	Oct-21
<b>Region (registration basis)</b>				
Middle East	-72.1	-67.7	-65.9	-59.0
Africa	-69.3	-58.0	-61.5	-60.1
World	-65.9	-56.2	-53.3	-49.4
<b>Routes (segment basis)</b>				
Middle East - Asia	-73.4	-79.1	-74.6	-71.6
Middle East - Europe	-72.8	-70.2	-64.9	-55.1
Africa - Europe	-68.5	-47.4	-49.2	-41.6
Middle East - Nth America	-70.6	-22.0	-31.8	-24.9
Africa - Middle East	-72.3	-58.3	-48.7	-39.7
Africa - Asia	-79.7	-91.7	-91.5	-92.3

## Growth in passenger volumes, by region

RPKs, % change vs. Oct 2019



# Air cargo market

- Industry-wide cargo tonne-kilometres (CTKs) grew by 9.4% in October 2021 compared to the same month in 2019. Air cargo volumes have trended sideways for the past six months or so, at elevated levels. Global manufacturing activity and trade have slowed amidst issues related to congestion and input and labour shortages but remain broadly supportive.
- In October, African airlines posted a 25.9% increase in cargo volumes versus 2019, a deterioration from the 33.1% increase in September but still the best outcome amongst regions. There was a large deterioration in cargo growth for carriers in the Middle East, from 18.4% in September to 9.4% in October, compared to 2019. This was driven by slower expansion on several key routes, such as Middle East-Asia and Middle East-North America.

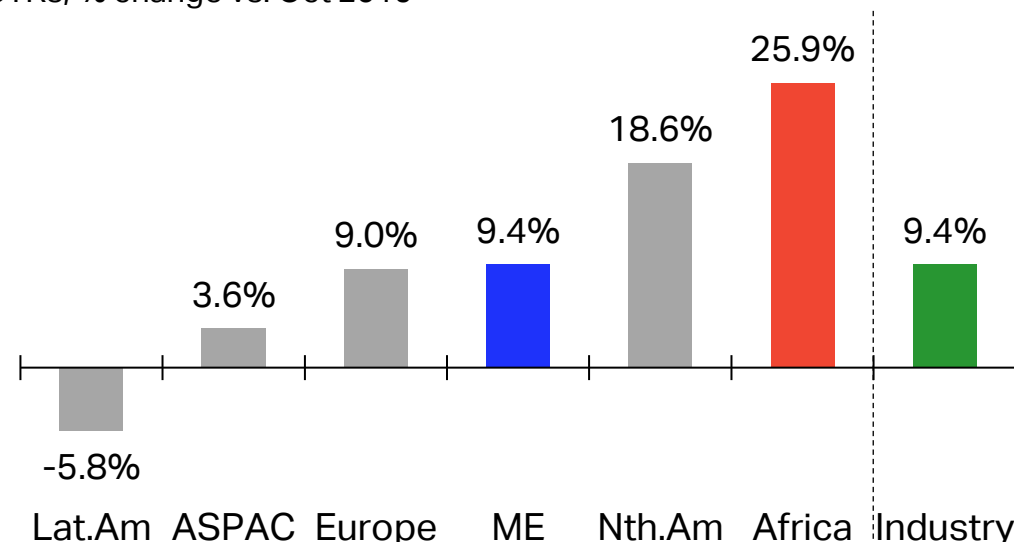
## Cargo tonne kilometers (CTKs)

To aid understanding, we make % comparisons with pre-crisis 2019 period.

% ch vs. the same period in 2019	2020	Aug-21	Sep-21	Oct-21
<b>Region (registration basis)</b>				
Middle East	-8.8	14.7	18.4	9.4
Africa	1.2	30.0	33.1	25.9
World	-8.7	7.5	9.1	9.4
<b>Routes (segment basis)</b>				
Middle East - Asia	-6.3	18.0	21.3	13.6
Middle East - Europe	-17.3	-2.5	1.1	-0.4
Africa - Europe	-20.3	-14.8	-11.0	-10.6
Middle East - Nth America	-5.1	63.1	55.9	40.3
Africa - Middle East	-31.3	-14.1	-8.3	-21.0
Africa - Asia	9.0	26.9	36.8	25.3

## Growth in cargo volumes, by region

CTKs, % change vs. Oct 2019



# Capacity growth & load factors

- There was a second consecutive month of gain in air passenger capacity in October. Industry-wide available seat-kilometres (ASKs) were down 41.2% compared to October 2019, an improvement from the 43.5% fall in September. The ASK recovery was broad-based across all regions.
- Air cargo capacity also improved in October – industry-wide available cargo tonne-kilometres (ACTKs) were 7.2% below October 2019 levels. In September, the fall versus 2019 had been at 8.8%. Cargo capacity improved also in Africa (ACTKs up 6.6% this month), but deteriorated in the Middle East, where the contraction accelerated by 4.6ppts, to -8.7%.

## Capacity growth and load factors

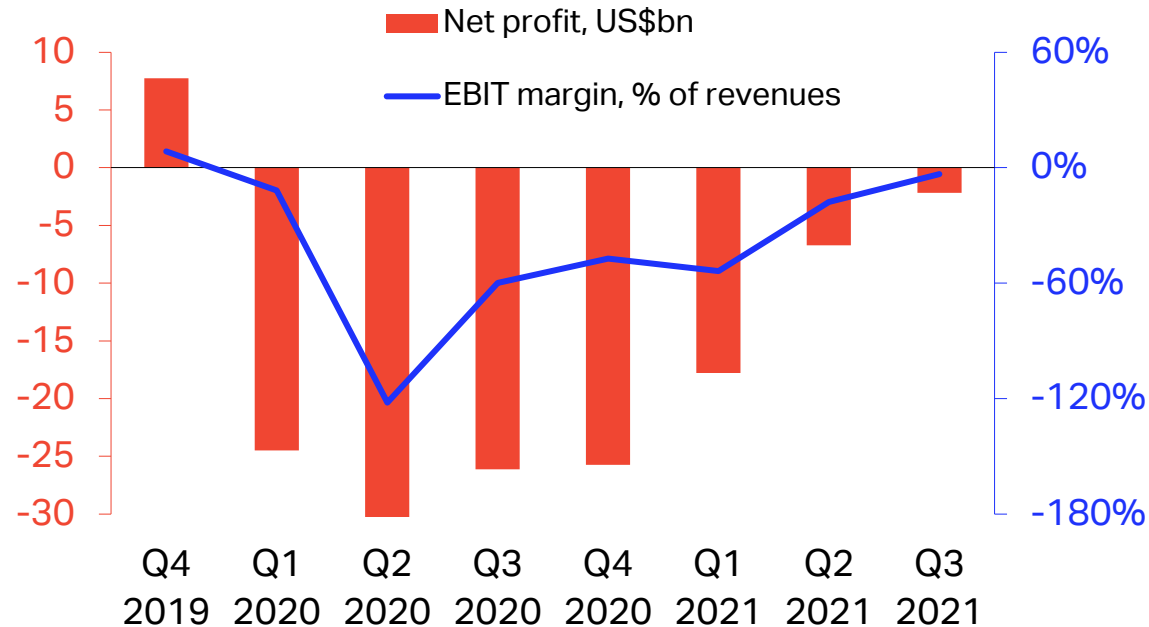
To aid understanding, we make % comparisons with pre-crisis 2019 period.

<i>ASK/ACTK: %ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		2020	Aug-21	Sep-21	Oct-21
<b>Passenger</b>					
Middle East	ASK	-63.1	-53.3	-51.1	-47.8
	PLF	57.7	56.9	52.4	57.7
Africa	ASK	-62.3	-50.4	-50.1	-50.0
	PLF	58.5	64.0	56.0	55.8
World	ASK	-56.7	-46.5	-43.5	-41.2
	PLF	65.1	70.2	67.8	70.6
<b>Cargo</b>					
Middle East	ACTK	-20.3	-6.0	-4.1	-8.7
	CLF	53.4	53.0	56.1	57.2
Africa	ACTK	-13.5	-4.7	4.6	6.6
	CLF	42.4	42.6	42.9	45.0
World	ACTK	-21.2	-12.5	-8.8	-7.2
	CLF	54.2	54.3	55.3	56.1

# Airline EBIT margins & cash flow

- The latest sample of airlines' Q3 financial results confirmed that the industry's financial situation improved at the global level as more markets reopened, travel demand picked up and cargo revenues remained robust. The industry-wide operating loss was at 3.4% of revenues in July-September period, compared with a 17.8% loss in the previous quarter.

Sample Historical Profitability



Airline operating (EBIT) margins\*

% revenues	2019	2020	2021Q2	2021Q3
Africa & Middle East	-4.0	-21	-11	19
Industry	5.2	-30	-18	-3

\* constant sample basis, not seasonally adjusted

# Jet aircraft deliveries made & scheduled

- As of December, African airlines are scheduled to receive 27 aircraft deliveries in 2022, up 59% vs. 2021. Middle Eastern carriers are expected to obtain 62 aircraft deliveries in 2022 – 22% more than in 2021.

## Aircraft deliveries in Africa & the Middle East (as of December 2021)

# deliveries made & due

