

# State of the Region:

## Africa & Middle East

**IATA Economics**

January 2022

Contact: [economics@iata.org](mailto:economics@iata.org)



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

- The trade-weighted US dollar (USD) index rose by 0.7% in December versus November on the back of recovering US economy and expectations about US Federal Reserve interest rate hikes in 2022.
- The ZAR was the weakest currency in the region in 2021, depreciating by nearly 10% against the USD, followed by the NGN (down 4.8%).
- Jet fuel and Brent crude oil prices fell sharply in early-December due to concerns about the impact of Omicron disruptions on global fuel demand. However, despite this year-end weakness, the average 2021 Brent crude oil and jet fuel price was 63% and 68% respectively higher than in 2020. Moreover, the prices started to rise again in recent weeks amid optimism that the Omicron impact will be short-lived.

## GDP growth

<i>% change on a yr ago</i>	2020	Q1 2021	Q2 2021	Q3 2021
Saudi Arabia	-4.1	-2.6	1.9	6.8
Nigeria	-1.8	0.4	5.4	4.1
Egypt	0.0	1.6	7.2	9.3
South Africa	-6.4	-2.8	19.0	3.1
UAE	-5.9	--	--	--
Kenya	-0.3	2.0	11.6	10.3
Jordan	-1.6	0.3	3.2	2.6
<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	Oct-21	Nov-21	Dec-21
US\$ broad index	3.5%	114.1	115.0	115.8
Saudi Arabian riyal (SAR)	-0.1%	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)	-9.5%	15.2	16.0	16.0
UAE dirham (AED)	0%	3.67	3.67	3.67
Kenyan shilling (KES)	-3.6%	111.3	112.6	113.2
Jordanian dinar (JOD)	0%	0.71	0.71	0.71

## Oil and fuel price

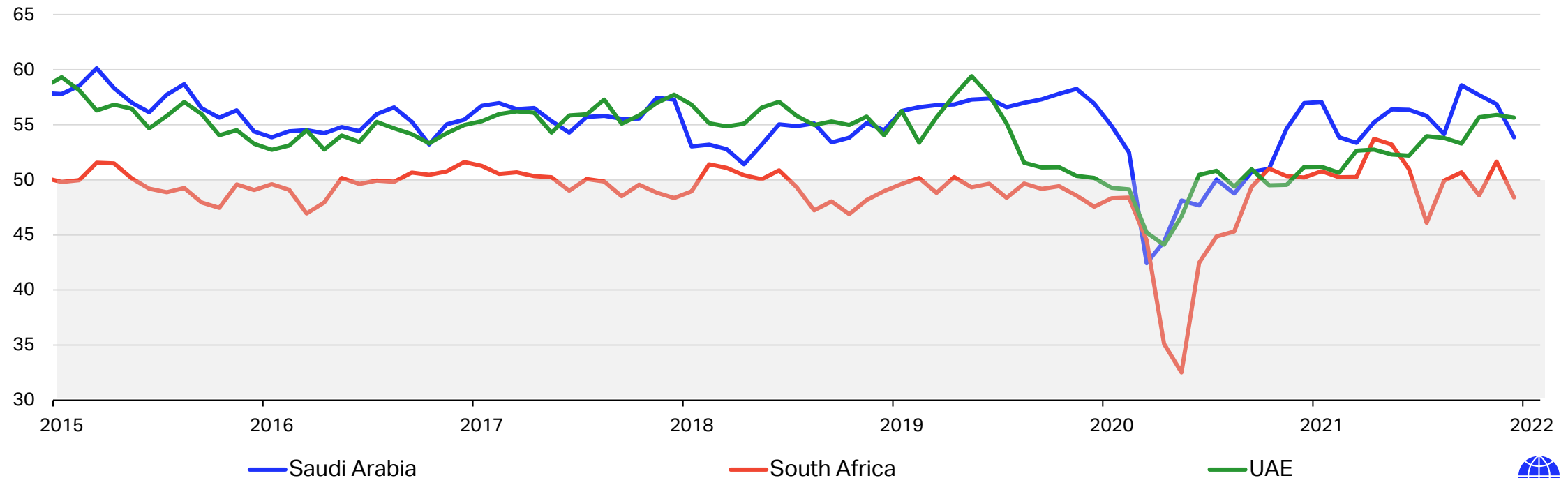
<i>US\$/barrel (period ave.)</i>	2021	Oct-21	Nov-21	Dec-21
Crude oil (Brent)	70.9	83.9	80.9	74.7
Jet fuel	77.7	95.6	91.8	87.1

# Purchasing Managers' Index

- Economy-wide PMIs – a monthly indicator of economic activity – fell sharply in Saudi Arabia and South Africa amid concerns about the Omicron spread. However, while in the former the metric remained consistent with economic expansion (more positive responses in the PMI survey than negative), in the latter it indicated economic contraction in December. The PMI in the UAE remained at elevated levels thanks to positive impact of Expo 2020 and easing of COVID restrictions.

## Purchasing Managers' Index – Economy-wide

50=no change, seasonally adjusted



# Passenger market

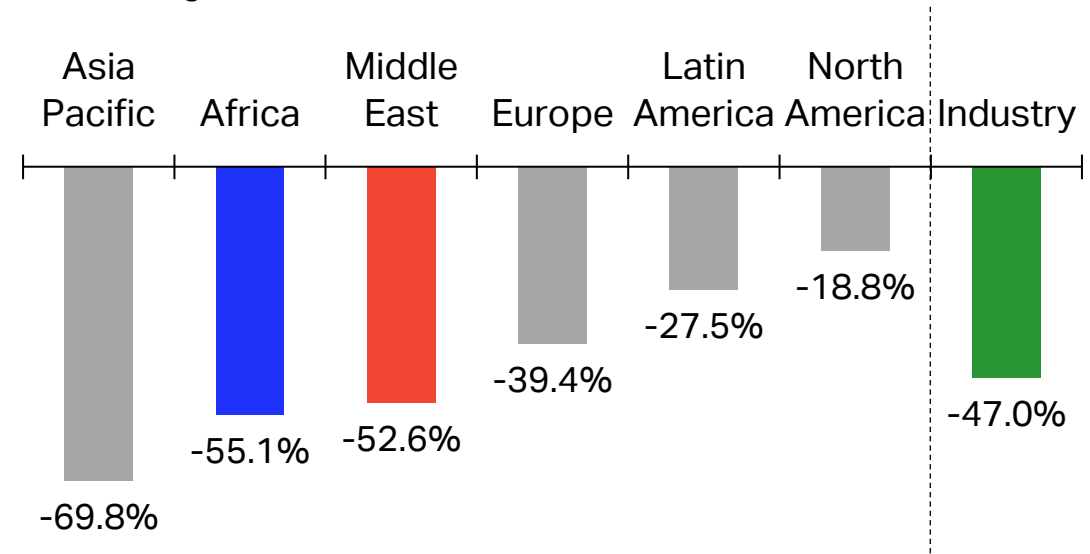
- Air-travel recovery continued in November ahead of the Omicron outbreak, but the traffic improvement was smaller than in the previous months. The industry-wide revenue passenger-kilometres (RPKs) fell by 47.0% versus November 2019, compared with a 48.9% contraction in October.
- African and Middle Eastern airlines reported similar rates of RPK decline, at 60.1% and 59.0% respectively versus November 2019. The recovery in both regions remained slow but gradual. The Omicron discovery led to a sharp fall in bookings from countries in southern Africa but the full impact on the Africa's traffic will be better understood in December data.

## Revenue passenger-kilometres (RPKs)

% ch vs. the same period in 2019	2020	Sep-21	Oct-21	Nov-21
<b>Region (registration basis)</b>				
Middle East	-72.1	-65.8	-59.2	-52.6
Africa	-68.2	-60.3	-56.8	-55.1
World	-65.8	-53.2	-48.9	-47.0
<b>Routes (segment basis)</b>				
Middle East - Asia	-73.4	-74.6	-71.6	-66.9
Middle East - Europe	-72.8	-64.9	-54.8	-48.3
Africa - Europe	-68.5	-49.2	-40.7	-36.8
Middle East - Nth America	-70.6	-31.8	-24.1	-16.3
Africa - Middle East	-72.3	-48.7	-39.6	-39.1
Africa - Asia	-79.7	-91.5	-91.9	-92.2

## Growth in passenger volumes (RPKs), by region

RPKs, % change vs. Nov 2019



# Air cargo market

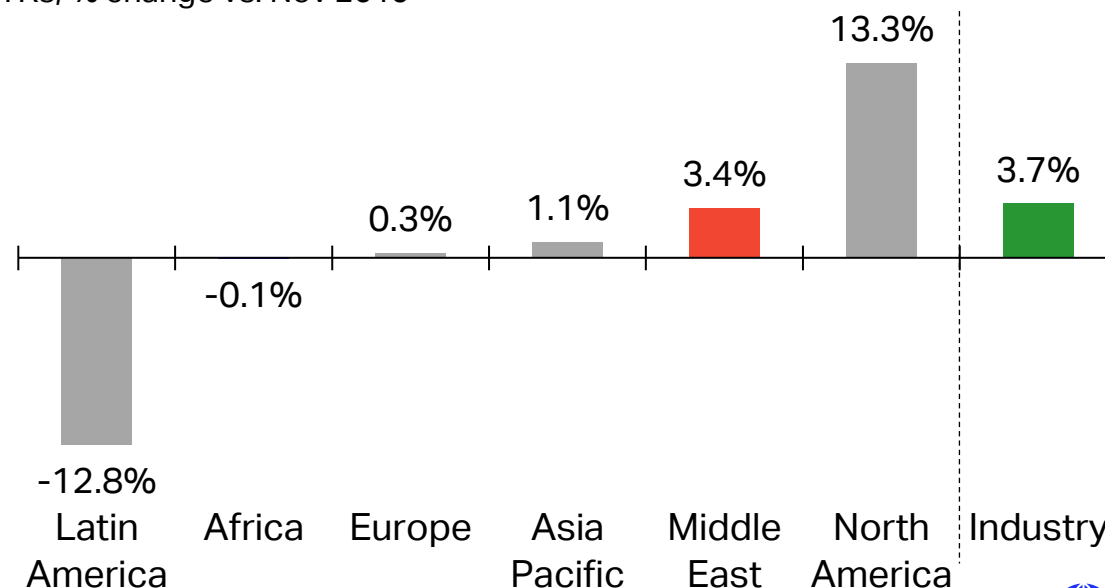
- Growth in industry-wide cargo tonne-kilometres (CTKs) slowed in November due to supply chain issues. CTKs were 3.7% above their November 2019 levels, after rising 8.2% in October versus October 2019.
- Cargo traffic flown by African airlines stabilized after a period of strong growth earlier in the year. African CTKs were 0.1% below 2019 levels compared with a 9.1% annual growth in October (downwardly revised).
- Middle Eastern airlines also faced a significant slowdown in their CTKs, with growth versus pre-crisis levels diminishing from 9.7% in October to 3.4% in November. The weakness was to some extent driven by the large Middle East-Asia trade routes.

## Cargo tonne-kilometres (CTKs)

% ch vs. the same period in 2019	2020	Sep-21	Oct-21	Nov-21
<b>Region (registration basis)</b>				
Middle East	-9.7	17.1	9.7	3.4
Africa	-13.8	13.3	9.1	-0.1
World	-9.9	7.6	8.2	3.7
<b>Routes (segment basis)</b>				
Middle East - Asia	-6.3	21.3	14.7	8.0
Middle East - Europe	-17.3	1.1	0.2	-1.5
Africa - Europe	-20.3	-11.0	-9.6	-6.8
Middle East - Nth America	-5.1	55.9	40.6	33.7
Africa - Middle East	-31.3	-8.3	-20.9	-22.0
Africa - Asia	9.0	36.8	25.5	12.5

## Growth in cargo volumes (CTKs), by region

CTKs, % change vs. Nov 2019



# Capacity growth & load factors

- Slow recovery in passenger capacity continued across all regions but Asia Pacific as more markets reopened ahead of the Omicron news. African and Middle Eastern airlines recorded a 48.4% and 43.6% ASK falls respectively in November 2021 versus November 2019.
- November saw significant difficulties in moving cargo at several key airports, such as New York's JFK, Los Angeles and Amsterdam. This was caused by labor shortages – partly related to workers placed in quarantine – insufficient storage space at airports, and a large backlog of shipments to process. Tellingly, contraction in ACTKs accelerated to 6.9% in Africa, and to 9.6% in the Middle East in November 2021 compared with November 2019.

## Capacity growth and load factors

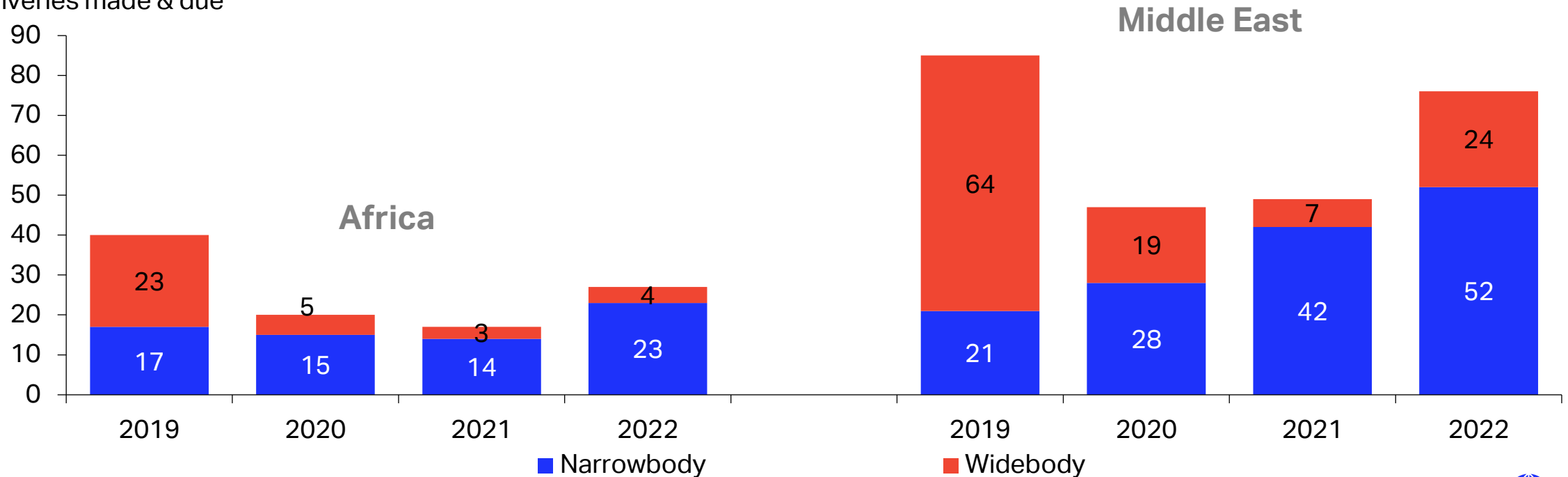
<i>ASK/ACTK: %ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		2020	Sep-21	Oct-21	Nov-21
<b>Passenger</b>					
Middle East	ASK	-63.0	-50.9	-47.9	-43.6
	PLF	57.6	52.3	57.6	61.6
Africa	ASK	-62.1	-50.0	-49.6	-48.4
	PLF	60.2	57.5	60.0	61.6
World	ASK	-56.6	-43.2	-40.8	-39.7
	PLF	65.2	67.5	70.9	71.3
<b>Cargo</b>					
Middle East	ACTK	-20.3	-3.9	-8.4	-9.6
	CLF	52.9	55.4	57.2	57.2
Africa	ACTK	-26.8	-9.1	-4.3	-6.9
	CLF	42.7	42.0	43.4	43.4
World	ACTK	-21.6	-9.4	-7.4	-7.6
	CLF	53.8	54.9	55.6	55.9

# Jet aircraft deliveries made & scheduled

- As of January 2022, African airlines are scheduled to receive 59% more aircraft deliveries in 2022 compared with 2021. Most of these deliveries are expected to be E195 (30% of the total) and 737 Max (26%).
- Middle Eastern carriers are expected to obtain 55% more aircraft deliveries in 2022 compared with the previous year. The majority of these aircraft will be Max 737 (32%), 787 and A320 (both a 24% share).

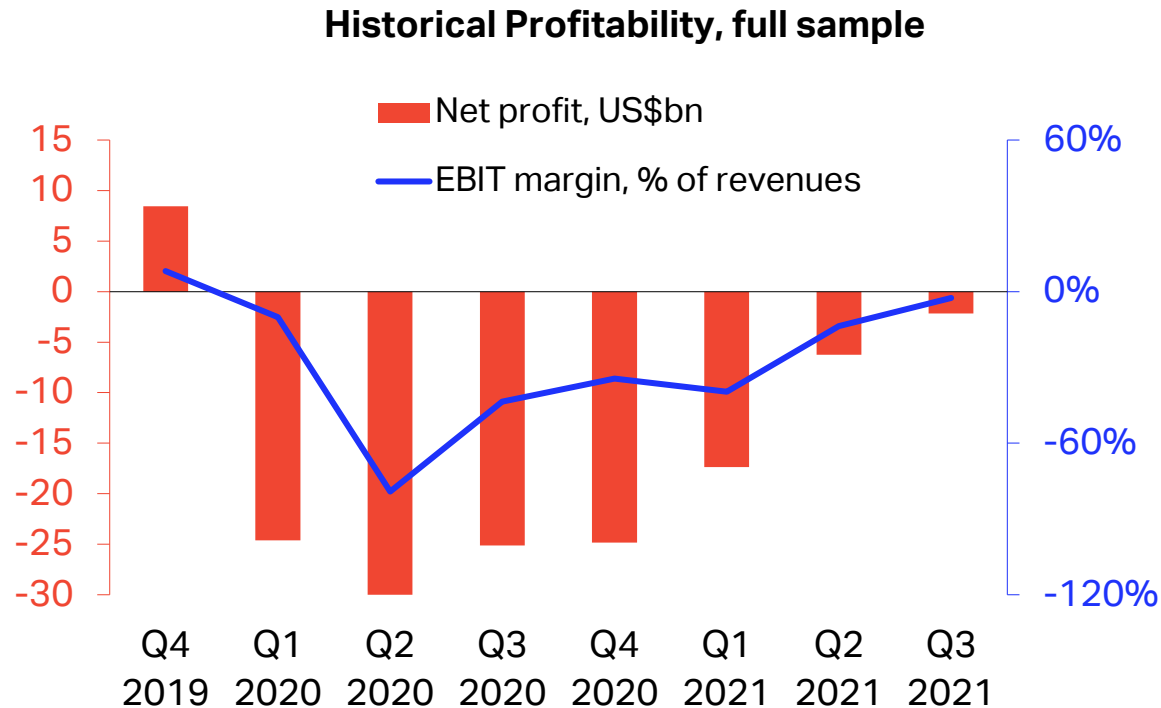
## Aircraft deliveries in Africa & the Middle East (as of January 2022)

# deliveries made & due



# Airline EBIT margins

- The latest financial results confirm that the pressure on the industry's operating profitability eased in Q3 2021. In the sample of 87 airlines, the operating loss diminished from 13.6% of revenues in Q2 to 2.6% in Q3. All regions except for Asia Pacific contributed to this improvement.



## Airline operating (EBIT) margins\*

% revenues	2019	2020	2020Q3	2021Q3
Africa & Middle East	-4.0	-21	-20	4
Industry	5.2	-30	-14	-3

\* constant sample basis, not seasonally adjusted