

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 (USD) index started 2022 on a soft note. After seven consecutive months of growth between June and December 2021, it fell by 0.6% in January and moved sideways in February. The February developments can be partly attributed to the US announcement about economic sanctions on Russia. FX movements in the key regional currencies were muted.
- Jet fuel prices continue to rise amid sanctions on Russian oil and gas. The jet fuel crack spread is also increasing as some refineries switch from jet fuel to diesel due to the lack of supply of Ultra Low Sulfur Diesel (ULSD) from Russia.

GDP growth

<i>% change on a yr ago</i>	2021	Q2 2021	Q3 2021	Q4 2021
Saudi Arabia	3.2	1.9	7.0	6.7
Nigeria	3.6	5.4	4.1	4.6
Egypt	--	7.2	9.3	--
South Africa	5.0	19.4	3.4	1.9
UAE	2.2	--	--	--
Kenya	--	11.6	10.3	--
Jordan	--	3.2	2.6	--
World	5.8	11.6	4.7	4.3

Exchange rates

<i>end of period, # per US\$</i>	% 2022 YTD	Dec-21	Jan-22	Feb-22
US\$ broad index	-0.7%	115.8	115.1	115.0
Saudi Arabian riyal (SAR)	0.1%	3.75	3.75	3.75
Nigerian naira (NGN)	-0.5%	413.8	415.8	415.8
Egyptian pound (EGP)	0%	15.7	15.7	15.7
Sth African rand (ZAR)	3.4%	16.0	15.5	15.5
UAE dirham (AED)	0%	3.67	3.67	3.67
Kenyan shilling (KES)	-0.6%	113.2	113.6	113.9
Jordanian dinar (JOD)	0%	0.71	0.71	0.71

Oil and fuel price

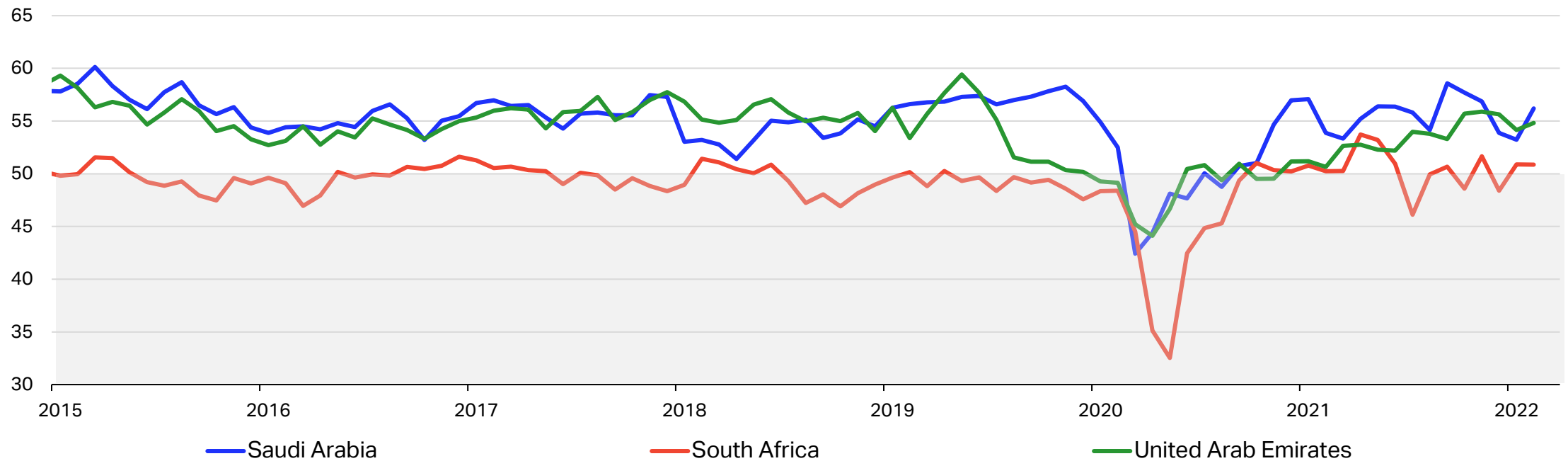
<i>US\$/barrel (period ave.)</i>	2021	Dec-21	Jan-22	Feb-22
Crude oil (Brent)	70.9	74.7	85.6	94.3
Jet fuel	77.7	87.1	100.9	110.0

Purchasing Managers' Index

- Economy-wide PMI rose sharply in Saudi Arabia in February, reversing the downward trend seen in the previous three months. The improvement was driven by the fall in Omicron infections and the corresponding increase in clients' demand. The metric improved also in the UAE and is currently hovering close to pre-crisis levels thanks to the rise in tourism related to Expo 2020. After six months of high volatility, South Africa's PMI moved sideways above 50 due to the rise in new businesses.

Purchasing Managers' Index - economy-wide

50=no change, seasonally adjusted



Passenger market

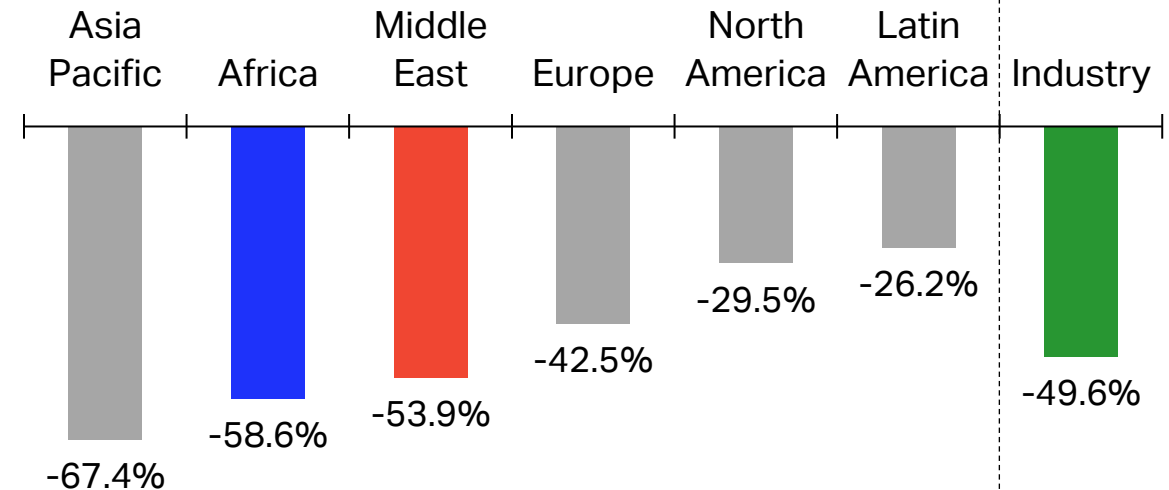
- Global air travel started the year on a soft note. It was negatively impacted by the Omicron wave that led to thousands of flight cancellations and weighed on peoples' willingness to travel. Industry-wide revenue passenger-kilometers (RPK) fell by 49.6% in January 2022 versus January 2019, after a 45.2% decline in December 2021 versus December 2019. Month-on-month change was negative at -4.9%.
- The negative impact of Omicron on air travel was broad-based across all regions. African airlines reported a 58.6% RPK decline in January after a 57.9% fall in December (both vs. the same month in 2019). For Middle Eastern carriers, the RPK contraction compared with 2019 accelerated from 49.9% to 53.9% between December and January.

Revenue passenger-kilometres (RPKs)

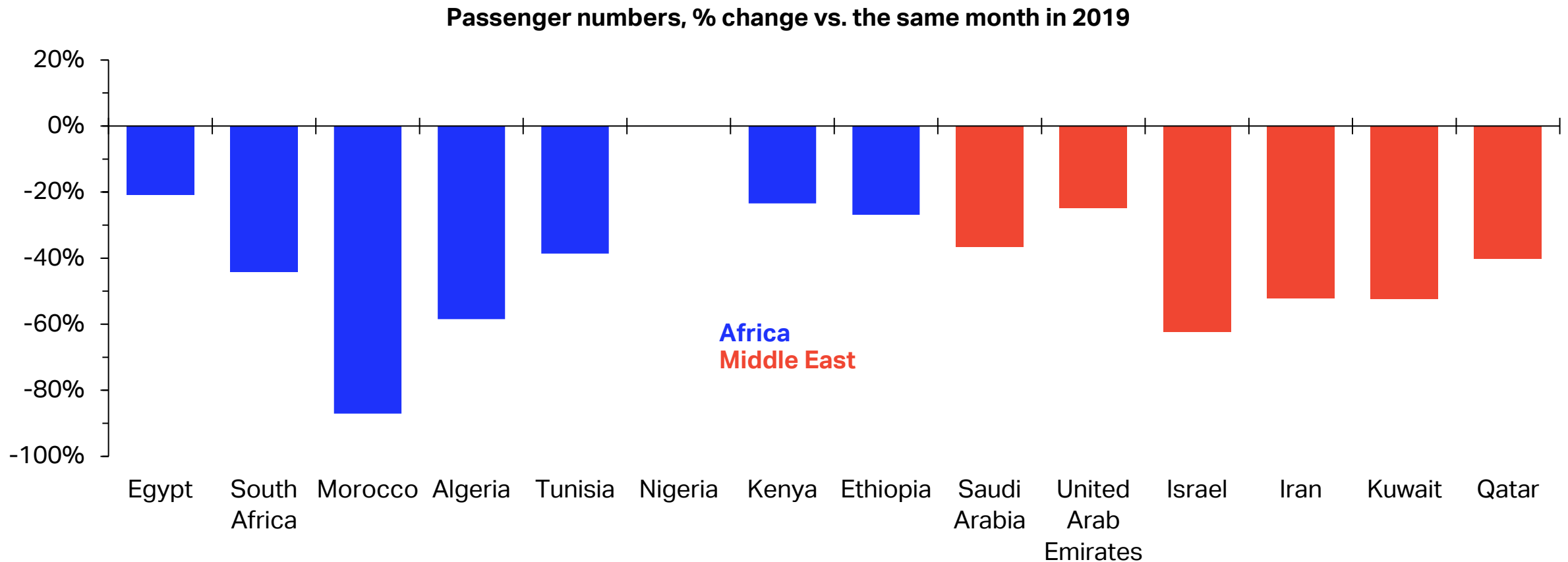
<i>% ch vs. the same period in 2019</i>	2021	Nov-21	Dec-21	Jan-22
Region (registration basis)				
Middle East	-69.9	-52.5	-49.9	-53.9
Africa	-62.9	-54.9	-57.9	-58.6
World	-58.4	-46.9	-45.2	-49.6
Routes (segment basis)				
Middle East - Asia	-78.0	-66.8	-63.7	-64.6
Middle East - Europe	-70.8	-48.2	-44.2	-50.6
Africa - Europe	-57.9	-36.8	-44.0	-43.9
Middle East - Nth America	-44.4	-15.5	-12.2	-24.8
Africa - Middle East	-59.7	-39.6	-59.1	-64.2
Africa - Asia	-91.9	-92.4	-93.8	-95.2

Growth in passenger volumes (RPKs), by region

RPKs, % change vs. the same month in 2019



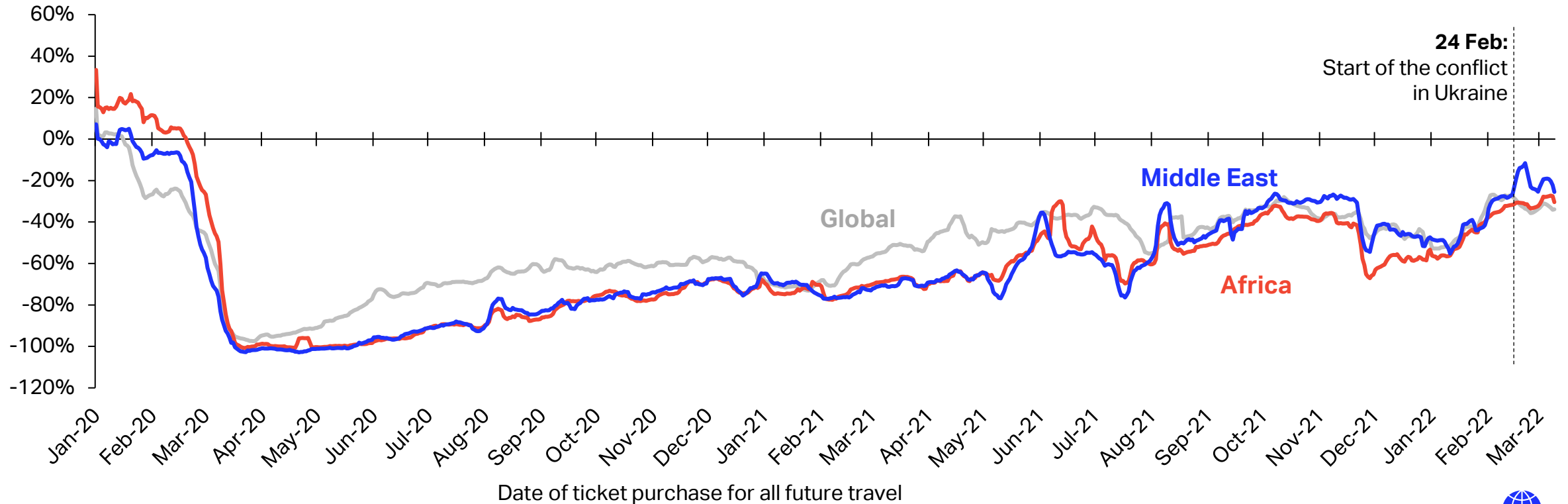
Passenger numbers by country – January 2022



Passenger bookings for future travel

- Improving pandemic developments globally bode well for the air travel recovery in 2022, though the geopolitical issues in Eastern Europe combined with rising inflationary pressures will negatively impact some markets. That said, the conflict in Ukraine for now did not have any significant impact on bookings for future travel to, from and within Africa and the Middle East.

Travel bookings for future travel
7-day rolling average, % ch vs. 2019



Air cargo market

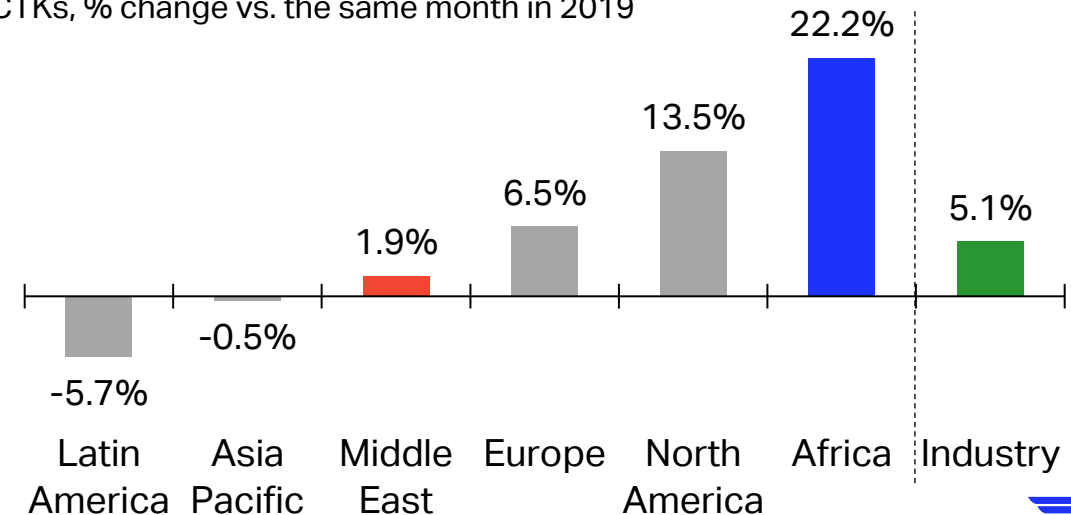
- Air cargo was also negatively impacted by the Omicron effects in January. Industry-wide cargo tonne-kilometres rose by 5.1% compared with January 2019 – a marked slowdown from December when the rise was 9.8%. The weaker result was partly driven by passenger-flight cancellations that reduced still limited belly-hold cargo capacity.
- Carriers registered in Africa were the best performers, with CTKs rising from 4.5% to 22.2% above 2019 levels between December and January. However, this strong improvement can be partly attributed to the base effect from the comparison with 2019. Tellingly, seasonally adjusted CTKs rose by more modest 4.0% month-on-month. Middle Eastern airlines reported slower growth versus 2019 in January than in December (1.9% vs. 4.6%), and a clear downward trend in traffic has emerged.
- The conflict in Eastern Europe is creating significant fresh challenges, notably in air cargo rates and capacity as well as economic activity. Russia accounted for 2.5% of global total dedicated cargo flights in 2021 according to data provided by FlightRadar24. The importance of these flights for global heavy-weight cargo is significant, and the corresponding capacity will be difficult to replace

Cargo tonne-kilometres (CTKs)

<i>% ch vs. the same period in 2019</i>	2021	Nov-21	Dec-21	Jan-22
Region (registration basis)				
Middle East	10.4	3.7	4.6	1.9
Africa	9.9	0.1	4.5	22.2
World	7.0	4.2	9.8	5.1
Routes (segment basis)				
Middle East - Asia	17.3	8.1	11.7	12.4
Middle East - Europe	-3.3	-1.1	-2.8	-7.9
Africa - Europe	-6.0	-1.4	1.1	-4.0
Middle East - Nth America	39.5	34.1	34.1	21.6
Africa - Middle East	-18.1	-22.3	-27.5	-31.7
Africa - Asia	34.8	15.2	27.3	40.9

Growth in cargo volumes (CTKs), by region

CTKs, % change vs. the same month in 2019



Capacity growth and load factors

- The recovery in global seat capacity stalled at the start of the year as airlines cancelled thousands of flights in response to the Omicron outbreak. Industry-wide available seat-kilometres (ASKs) contracted by 37.7% between January 2022 and January 2019, after a 37.5% fall in December 2021 versus December 2019. The pause in ASK recovery was broad-based across all regions apart from Latin America where seasonally adjusted ASKs rose 2.5% month-on-month.
- The cancellation of passenger flights due to Omicron disruptions resulted in a renewed squeeze in belly-hold cargo capacity. Industry-wide available cargo tonne-kilometres (ACTKs) fell by 8.9% in January compared with pre-crisis levels – more than double the rate of decline seen in December. The deterioration was widespread across all regions but Africa.

Capacity growth and load factors

<i>ASK/ACTK: %ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		2021	Nov-21	Dec-21	Jan-22
Passenger					
Middle East	ASK	-55.5	-43.6	-41.4	-41.9
	PLF	51.5	61.7	66.0	59.1
Africa	ASK	-55.1	-48.1	-52.2	-52.9
	PLF	59.4	61.5	63.7	62.3
World	ASK	-48.8	-39.9	-37.5	-37.7
	PLF	67.2	71.5	72.0	64.5
Cargo					
Middle East	ACTK	-10.1	-9.6	-9.2	-11.8
	CLF	57.4	57.3	55.0	51.3
Africa	ACTK	-15.6	-6.7	-20.1	-12.2
	CLF	47.2	43.3	48.7	49.2
World	ACTK	-10.8	-7.3	-4.2	-8.9
	CLF	56.1	56.0	54.4	54.1

Note: LF=load factor. ASK=available seat kilometers. ACTK=available cargo tonne-kilometers.

Jet aircraft deliveries made & scheduled

- As of March 2022, African airlines are scheduled to receive 29% more aircraft deliveries in 2022 compared with 2021 while Middle Eastern carriers are expected to obtain 47% more deliveries over the same period.

Aircraft deliveries in Africa and the Middle East

deliveries made & due

