

State of the Region:

Africa & Middle East

IATA Economics

November 2021

Contact: economics@iata.org



GDP growth, exchange rates, oil & jet fuel price

- The trade-weighted US dollar index rose by 0.6% in October vs. September. Amongst the key regional currencies, the ZAR lost 1% against the US\$. Year-to-date, the NGN has been the weakest currency, losing 4.8%.
- Jet fuel and Brent Crude oil prices continued to rise in October as economic activity restarts around the world and supply remains tight. As of late-October, jet fuel price was 69% higher vs. the start of the year.

GDP growth

<i>% change on a yr ago</i>	2020	Q1 2021	Q2 2021	Q3 2021
Saudi Arabia	-4.1	-3.0	1.8	6.8
Nigeria	-1.8	0.4	5.4	--
Egypt	0.0	1.6	7.2	--
South Africa	-6.4	-2.8	19.1	--
UAE	-5.9	--	--	--
Kenya	-0.3	0.8	10.2	--
Jordan	-1.6	0.3	3.2	--
World*	-3.5	2.8	11.6	4.6

Exchange rates

<i>end of period, # per US\$</i>	% 2021 YTD	Aug-21	Sep-21	Oct-21
US\$ broad index	2%	113.7	113.8	114.4
Saudi Arabian riyal (SAR)	0%	3.75	3.75	3.75
Nigerian naira (NGN)	-4.8%	412.0	413.8	413.8
Egyptian pound (EGP)	0.1%	15.7	15.7	15.7
Sth African rand (ZAR)	-4.1%	14.5	15.1	15.2
UAE dirham (AED)	0%	3.67	3.67	3.67
Kenyan shilling (KES)	-1.9%	109.9	110.5	111.3
Jordanian dinar (JOD)	0%	0.71	0.71	0.71

Oil and fuel price

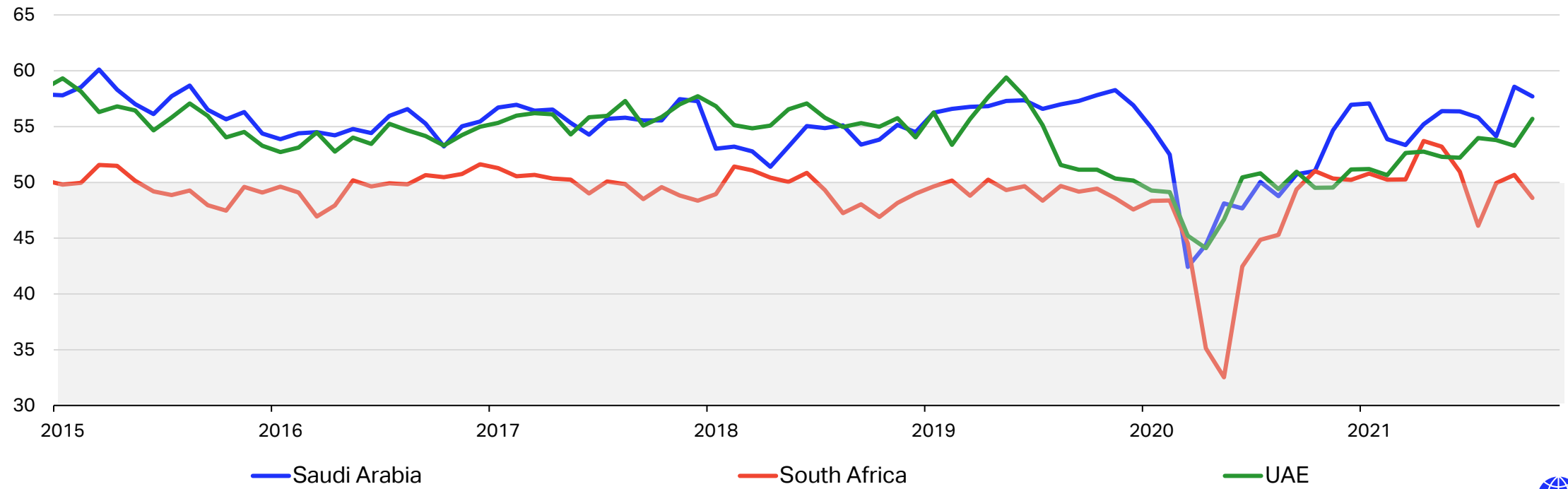
<i>US\$/barrel (period ave.)</i>	2020	Aug-21	Sep-21	Oct-21
Crude oil (Brent)	43.4	70.6	74.7	83.9
Jet fuel	46.3	76.9	82.9	95.6

Business confidence

- Although the Saudi Arabia's PMI eased slightly vs. September, it remained consistent with a robust growth in economic activity due to easing of COVID restrictions. Expansion of the UAE economy accelerated in October amidst the start of Expo 2020. In contrast, operating conditions deteriorated in South Africa as workers' strikes negatively impacted business activity.

Business confidence - economy-wide PMIs

50=no change, seasonally adjusted



Passenger market

- Air travel picked up in September, after a slight deterioration in the previous month but remained well below pre-crisis levels. Industry-wide revenue passenger-kilometres (RPKs) fell by 53.4% compared with September 2019, vs. a 56.1% contraction in August.
- At the regional level, Middle Eastern airlines reported a 65.9% RPK decline, while African carriers posted a 61.4% contraction in the same metric in September 2021 vs. September 2019. Amongst the key regional markets, Middle East–North America has been the most resilient, recording passenger traffic at ~68% of pre-crisis levels in September.

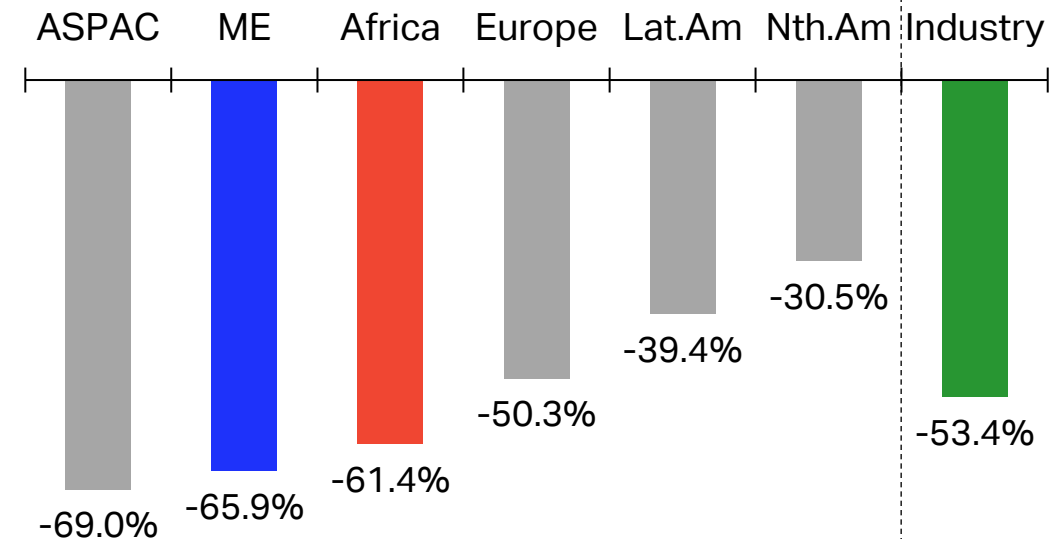
Revenue passenger kilometers (RPKs)

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

% ch vs. the same period in 2019	2020	Jul-21	Aug-21	Sep-21
Region (registration basis)				
Middle East	-72.1	-72.0	-67.7	-65.9
Africa	-69.3	-59.4	-58.0	-61.4
World	-65.9	-53.1	-56.1	-53.4
Routes (segment basis)				
Middle East - Asia	-73.4	-82.9	-78.6	-74.2
Middle East - Europe	-72.8	-74.7	-70.2	-64.9
Africa - Europe	-68.4	-50.5	-47.8	-49.2
Middle East - Nth America	-70.6	-36.0	-22.0	-31.8
Africa - Middle East	-72.3	-57.4	-58.3	-48.7
Africa - Asia	-79.7	-92.7	-91.7	-91.8

Growth in passenger volumes, by region

RPKs, % change vs. Sep 2019



Air cargo market

- The period of stability at elevated air cargo volumes continued in September, with industry-wide cargo tonne-kilometres (CTKs) growing by 9.1% compared to September 2019.
- African airlines reported the fastest CTK growth for the ninth consecutive month (32.8% in September vs. pre-crisis 2019 levels). Middle Eastern carriers also performed strongly, with cargo volumes rising by 17.6% vs. 2019.

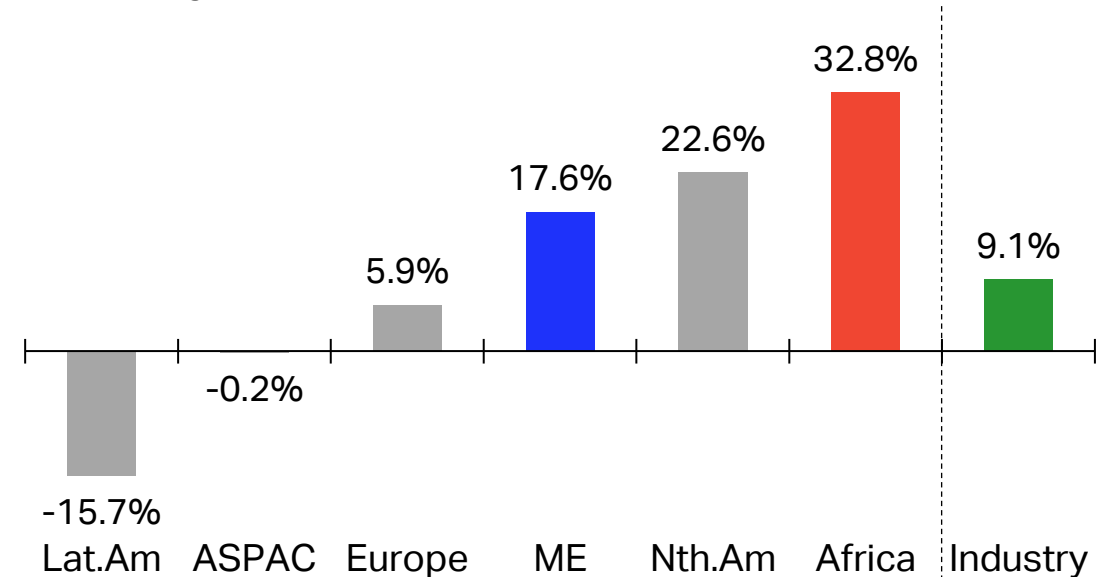
Cargo tonne kilometers (CTKs)

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

<i>% ch vs. the same period in 2019</i>	2020	Jul-21	Aug-21	Sep-21
Region (registration basis)				
Middle East	-8.8	11.9	14.7	17.6
Africa	1.2	31.5	30.0	32.8
World	-8.7	9.0	7.5	9.1
Routes (segment basis)				
Middle East - Asia	-6.3	16.5	17.6	19.2
Middle East - Europe	-17.3	-7.8	-3.2	-0.9
Africa - Europe	-20.2	-16.0	-17.3	-14.0
Middle East - Nth America	-5.1	57.7	63.1	56.0
Africa - Middle East	-31.3	-20.5	-14.1	-5.5
Africa - Asia	9.0	35.1	26.9	36.5

Growth in cargo volumes, by region

CTKs, % change vs. Sep 2019



Capacity growth & load factors

- Same as for RPKs, global seat capacity recovered from the temporary weakness in August. Industry-wide seat-kilometres (ASKs) were down by 43.6% in September, compared with a 46.5% fall in the previous month. At the regional level, African and Middle Eastern airlines reported ASKs down 49.9% & 51.1%, respectively.
- Cargo capacity also improved in September – industry-wide ACTKs fell by 8.9% vs September 2019, compared with a 12.7% fall in August. Middle Eastern airlines reported cargo capacity down 4.1% while African airlines continued to outperform the rest of the industry with ACTKs up nearly 5%.

Capacity growth and load factors

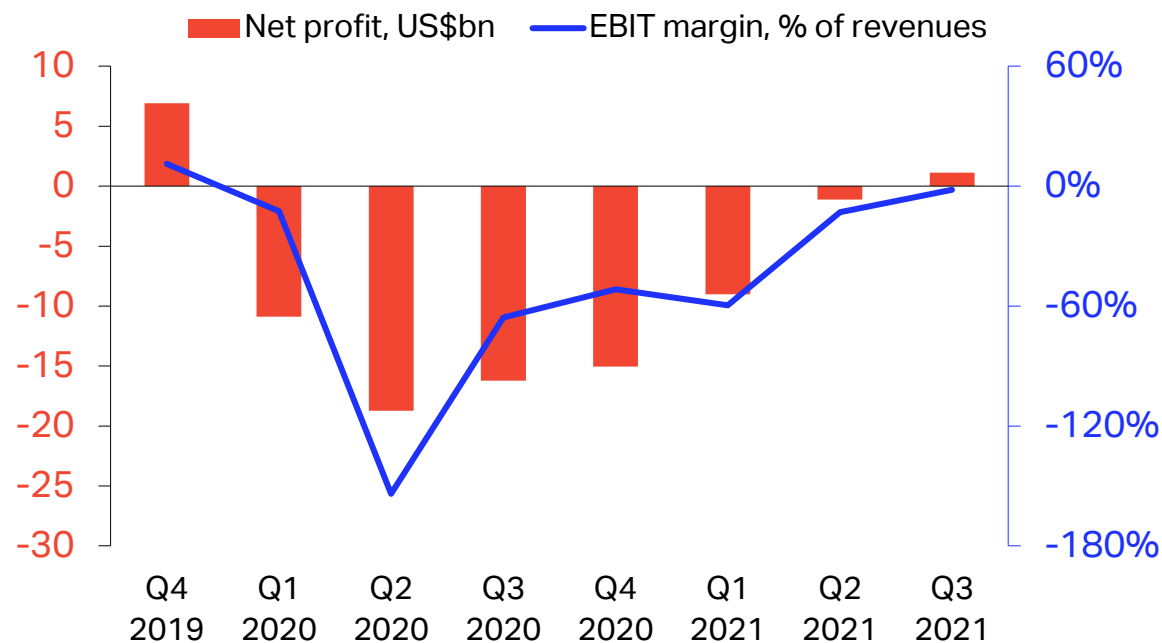
To aid understanding, we make % comparisons with pre-crisis 2019 period.

<i>ASK/ACTK: %ch vs. the same period in 2019, LF: % of ASK/ACTK</i>		2020	Jul-21	Aug-21	Sep-21
Passenger					
Middle East	ASK	-63.1	-56.2	-53.3	-51.1
	PLF	57.7	51.9	56.9	52.4
Africa	ASK	-62.3	-51.6	-50.4	-49.9
	PLF	58.5	61.2	64.0	56.0
World	ASK	-56.7	-44.9	-46.5	-43.6
	PLF	65.1	72.8	70.3	67.6
Cargo					
Middle East	ACTK	-20.3	-9.1	-6.0	-4.1
	CLF	53.4	55.7	53.0	55.8
Africa	ACTK	-13.5	-7.2	-4.7	4.6
	CLF	42.4	46.9	42.6	42.8
World	ACTK	-21.2	-10.7	-12.7	-8.9
	CLF	54.2	54.8	54.4	55.3

Airline EBIT margins & cash flow

- Initial Q3 financial results indicate that pressure on airlines' profitability eased further compared with Q2 across all regions.
- In our initial small sample of airlines financials, cash flow generation improved in Q3 2021 vs. Q3 2020 due to reopening of some international markets, increase of domestic traffic and positive contribution of cargo revenues.

Sample Historical Profitability – global level



Airline operating (EBIT) margins*

<i>% revenues</i>	2019	2020	2020Q3	2021Q3
Africa & Middle East	-4.0	-21	-86	20
Industry	5.2	-30	-68	-2

* constant sample basis, not seasonally adjusted

Airline cash flow*

<i>% revenues</i>	2020Q3		2021Q3	
	Net cash flow ¹	Free cash flow	Net cash flow ¹	Free cash flow
Africa & Middle East	--	--	--	--
Industry	-68	-84	-4	-11

¹ from operating activities, * constant sample basis, not seasonally adjusted

Jet aircraft deliveries made & scheduled

- As of November, African airlines are scheduled to receive 29 aircraft deliveries in 2022, up 61% vs. 2021. Middle Eastern carriers are expected to obtain 68 aircraft deliveries in 2022 – 31% more than in 2021.

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

deliveries made & due

