

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 moved sideways in September. Amongst the key regional currencies, the ZAR was the main mover, ending the month down 4.0% against the US\$.
- Following the temporary weakness in August, average Brent crude oil and jet fuel price picked up by 5.9% & 7.8% respectively in September, reflecting rising optimism about fuel demand recovery.

GDP growth

<i>% change on a yr ago</i>	2020	Q4 2020	Q1 2021	Q2 2021
Saudi Arabia	-4.1	-3.9	-3.0	1.8
Nigeria	-1.8	0.0	0.4	5.4
Egypt	0.1	0.4	1.6	7.2
South Africa	-6.4	-3.4	-2.8	19.1
UAE	-5.9	--	--	--
Kenya	-0.3	1.0	--	--
Jordan	-1.6	-1.6	0.3	3.2
World*	-3.5	-1.1	2.7	11.5

Exchange rates

<i>end of period, # per US\$</i>	2020	Jul-21	Aug-21	Sep-21
US\$ broad index	112.1	113.3	113.7	113.8
Saudi Arabian riyal (SAR)	3.75	3.75	3.75	3.75
Nigerian naira (NGN)	394.8	411.5	412.0	413.8
Egyptian pound (EGP)	15.7	15.7	15.7	15.7
Sth African rand (ZAR)	14.6	14.6	14.5	15.1
UAE dirham (AED)	3.67	3.67	3.67	3.67
Kenyan shilling (KES)	109.2	108.6	109.9	110.5
Jordanian dinar (JOD)	0.71	0.71	0.71	0.71

Oil and fuel price

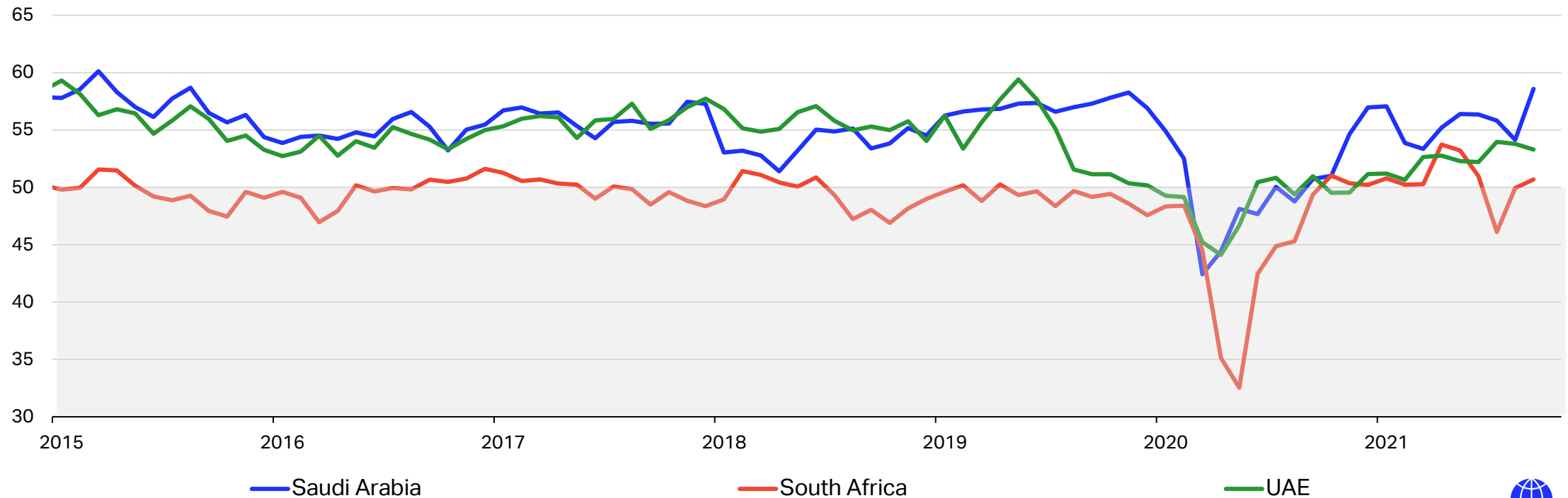
<i>US\$/barrel (period ave.)</i>	2020	Jul-21	Aug-21	Sep-21
Crude oil (Brent)	43.4	74.4	70.6	74.7
Jet fuel	46.3	79.5	76.9	82.9

Business confidence

- The relaxation of COVID-related restrictions boosted economic activity in both Saudi Arabia and South Africa in September. In the UAE, the speed of economic expansion eased slightly compared with August but remained supportive to business operations.

Business confidence - economy-wide PMIs

50=no change, seasonally adjusted



Passenger market

- The spread of the Delta variant led to a slight deterioration in air travel in August. Industry-wide revenue passenger-kilometres (RPKs) fell by 56.0% vs. August 2019, following a 53.0% drop in July. This was entirely driven by developments in some of the key domestic markets.
- RPKs of Middle Eastern and African airlines fell by 68% and 58% compared with August 2019, respectively. Amongst the key regional routes, the traffic between Middle East-North America has been the most resilient (RPKs down -28.4% in August).

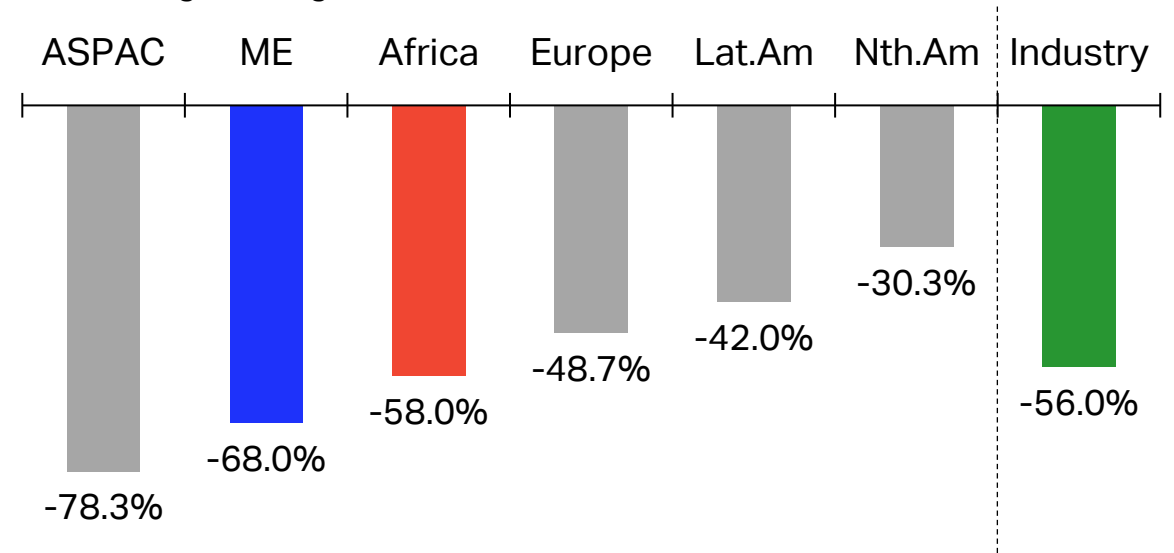
Revenue passenger kilometers (RPKs)

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

% ch vs. the same period in 2019	2020	Jun-21	Jul-21	Aug-21
Region (registration basis)				
Middle East	-72.1	-76.8	-72.4	-68.0
Africa	-69.3	-71.5	-59.4	-58.0
World	-65.9	-59.9	-53.0	-56.0
Routes (segment basis)				
Middle East - Asia	-73.4	-84.3	-83.0	-78.7
Middle East - Europe	-72.8	-81.5	-76.0	-71.2
Africa - Europe	-68.4	-63.9	-50.5	-47.8
Middle East - Nth America	-70.6	-56.4	-41.3	-28.4
Africa - Middle East	-72.3	-63.4	-57.4	-58.4
Africa - Asia	-79.7	-91.5	-92.7	-91.7

Growth in passenger volumes, by region

RPKs, % change vs. Aug 2019



Air cargo market

- August was the fourth consecutive month of relative stability in air cargo. Industry-wide cargo tonne-kilometres (CTKs) rose by 7.7% vs. August 2019, compared with an 8.8% expansion in July.
- African airlines continued to outperform the industry, reporting a 32.4% CTK expansion in August 2021 vs. August 2019. Middle Eastern airlines also performed strongly, posting a 15.5% CTK growth over the same period – well above the industry average.

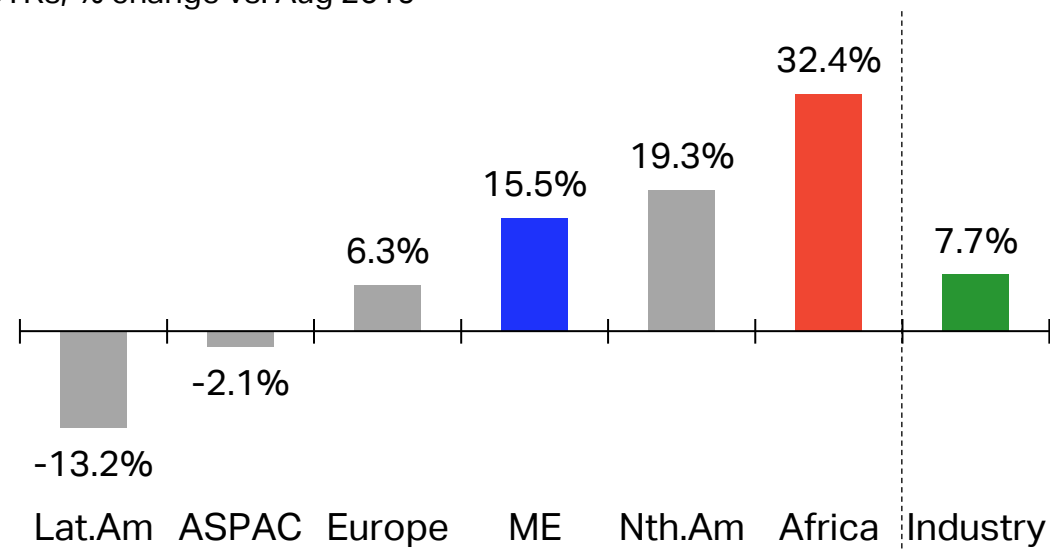
Cargo tonne kilometers (CTKs)

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

% ch vs. the same period in 2019	2020	Jun-21	Jul-21	Aug-21
Region (registration basis)				
Middle East	-8.8	16.6	12.9	15.5
Africa	1.2	33.2	31.5	32.4
World	-8.7	9.2	8.8	7.7
Routes (segment basis)				
Middle East - Asia	-6.3	18.5	15.6	16.4
Middle East - Europe	-17.3	-1.9	-8.0	-3.8
Africa - Europe	-20.2	-12.5	-16.0	-16.1
Middle East - Nth America	-5.1	47.1	54.2	58.7
Africa - Middle East	-31.3	-10.6	-20.5	-14.6
Africa - Asia	9.0	43.4	35.1	26.4

Growth in cargo volumes, by region

CTKs, % change vs. Aug 2019



Capacity, load factors & airline EBIT margins

- Contraction in seat capacity (ASKs) accelerated at the global level. The deterioration was largely driven by falling capacity in the Asia Pacific region, where new COVID restrictions led to flight cancellations in some key domestic markets. Airlines in both Africa and the Middle East reported modest seat capacity gains compared with July. Passenger load factors remained well below pre-crisis levels.
- Recovery in global cargo capacity (ACTKs) was also adversely impacted by pandemic developments in Asia Pacific. Cargo capacity of African and Middle Eastern airlines continued to improve, although it stayed below 2019 levels. Cargo load factors were elevated in the industry due to lasting capacity shortages.
- Operating margins improved in Q2 2021 vs. Q1 2021 across all regions but remained negative.

Capacity growth and load factors

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

*ASK/ACTK: %ch vs. the same period
in 2019, LF: % of ASK/ACTK*

		2020	Jun-21	Jul-21	Aug-21
Passenger					
Middle East	ASK	-63.2	-61.2	-56.0	-53.1
	PLF	57.7	45.8	51.1	56.0
Africa	ASK	-62.3	-62.8	-51.6	-50.4
	PLF	58.5	54.5	61.2	64.0
World	ASK	-56.7	-51.4	-44.7	-46.2
	PLF	65.1	69.7	72.7	70.0
Cargo					
Middle East	ACTK	-20.2	-10.1	-8.3	-5.2
	CLF	53.3	58.6	55.8	52.9
Africa	ACTK	-13.5	-6.3	-7.2	-3.8
	CLF	42.4	48.0	46.9	43.0
World	ACTK	-21.1	-11.9	-10.6	-12.2
	CLF	54.2	56.8	54.6	54.2

Airline operating (EBIT) margins*

% revenues	2019	2020	2021Q1	2021Q2
Africa & Middle East	-4.0	-21	-32	-21
Industry	5.2	-30	-36	-14

* constant sample basis, not seasonally adjusted

Jet aircraft deliveries made & scheduled

- African carriers are expected to receive 35% more aircraft deliveries in 2022 vs. 2021 while Middle Eastern airlines should obtain 44% more deliveries over the same period. That said, the number of deliveries should remain below 2019 levels in both regions.

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

deliveries made & due

