

# 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 0.3% in August. Amongst the key regional currencies, the KES lost 1.2% against the US\$ while ZAR gained 1.1%
- Brent crude oil and jet fuel prices ticked down in August amidst increased oil supply and concerns over the impact the Delta variant.

## 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	--
South Africa	-6.4	-3.4	-2.8	19.1
UAE	-5.9	--	--	--
Kenya	--	1.0	--	--
Jordan	-1.6	-1.6	0.3	--
<b>World*</b>	<b>-3.5</b>	<b>-1.1</b>	<b>2.7</b>	<b>11.5</b>

## Exchange rates

<i>end of period, # per US\$</i>	2020	Jun-21	Jul-21	Aug-21
US\$ broad index	112.1	111.9	113.3	113.7
Saudi Arabian riyal (SAR)	3.75	3.75	3.75	3.75
Nigerian naira (NGN)	394.8	410.0	411.5	412.0
Egyptian pound (EGP)	15.7	15.7	15.7	15.7
Sth African rand (ZAR)	14.6	14.3	14.6	14.5
UAE dirham (AED)	3.67	3.67	3.67	3.67
Kenyan shilling (KES)	109.2	107.9	108.6	109.9
Jordanian dinar (JOD)	0.71	0.71	0.71	0.71

## Oil and fuel price

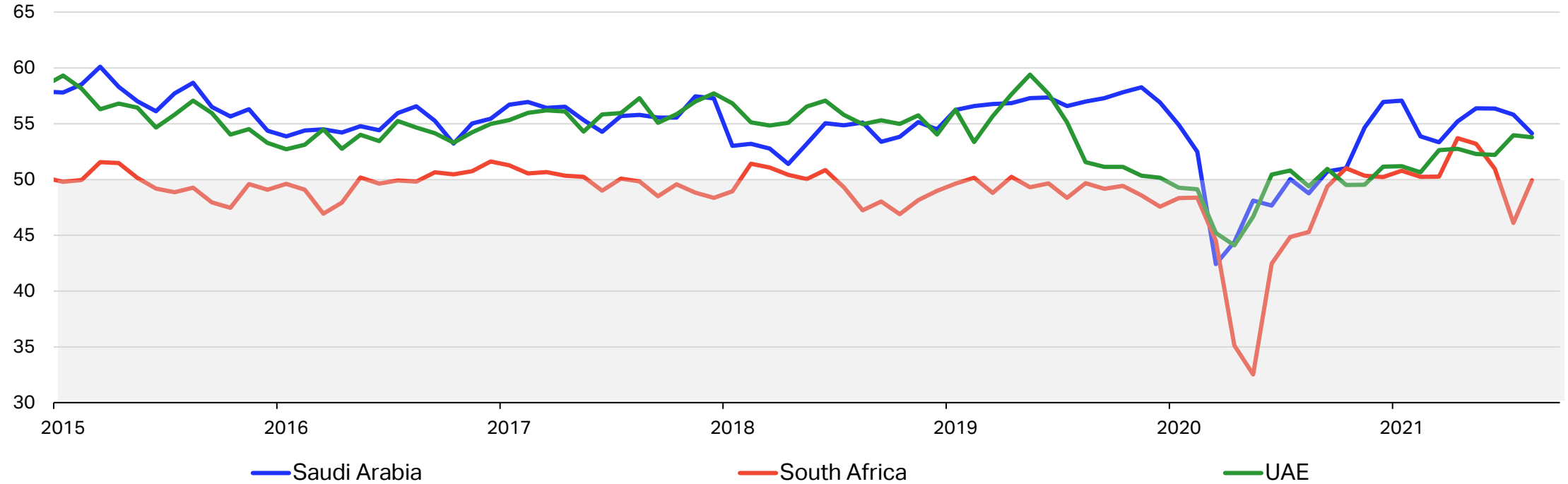
<i>US\$/barrel (period ave.)</i>	2020	Jun-21	Jul-21	Aug-21
Crude oil (Brent)	43.4	73.5	74.4	70.6
Jet fuel	46.3	77.6	79.5	76.9

# Business confidence

- PMIs ticked down in Saudi Arabia and the UAE but remained firmly in the territory associated with expansion in the manufacturing sector. Conditions for manufacturers stabilized in South Africa after challenging July as COVID-related restrictions eased and public unrest abated.

## Business confidence - economy-wide PMIs

50=no change, seasonally adjusted



# Passenger market\*

- Rebound in global air travel continued for another month supported by willingness to travel during the northern hemisphere summer. Industry-wide revenue passenger-kilometres (RPKs) fell by 53.1% in July 2021 vs. July 2019 compared with a 60.0% contraction in June.
- RPKs of Middle Eastern airlines fell by 73.2% vs. July 2019 – the weakest outcome amongst regions. The slow recovery of long-haul international traffic continues to hinder region's faster recovery.

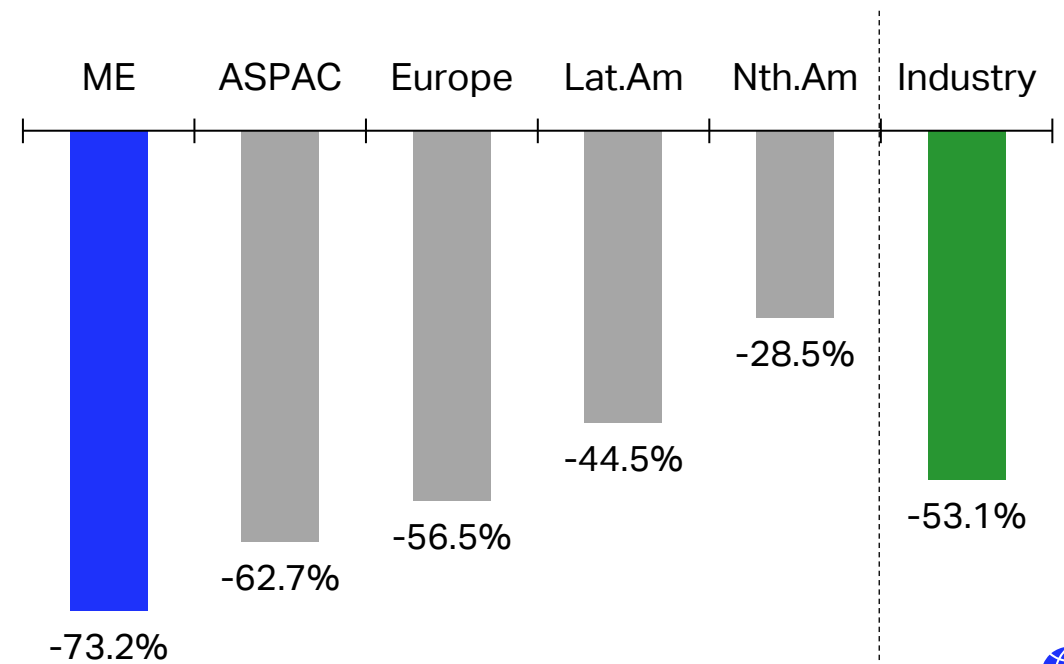
## Revenue passenger kilometers (RPKs)

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

% ch vs. the same period in 2019	2020	May-21	Jun-21	Jul-21
<b>Region (registration basis)</b>				
Middle East	-72.1	-79.4	-77.5	-73.2
Africa	-69.3	-76.0	-70.7	--
World	-65.9	-62.9	-60.0	-53.1
<b>Routes (segment basis)</b>				
Middle East - Asia	-73.4	-83.7	-84.4	-83.0
Middle East - Europe	-72.8	-81.9	-81.5	-76.0
Africa - Europe	-68.4	-71.2	-63.9	--
Middle East - Nth America	-70.6	-67.3	-56.4	-41.3
Africa - Middle East	-72.3	-65.6	-63.4	--
Africa - Asia	-79.7	-92.8	-91.5	--

## Growth in passenger volumes, by region

RPKs, % change vs. Jul 2019



# Air cargo market\*

- Air cargo trends remained strong in July. Industry-wide cargo tonne-kilometres (CTKs) increased by 8.6% vs. July 2019 – well above the long-term average of 4.7%.
- Middle Eastern airlines reported CTKs up 11.3% vs. July 2019 – a deceleration from the 15.8% CTK expansion in the previous month.

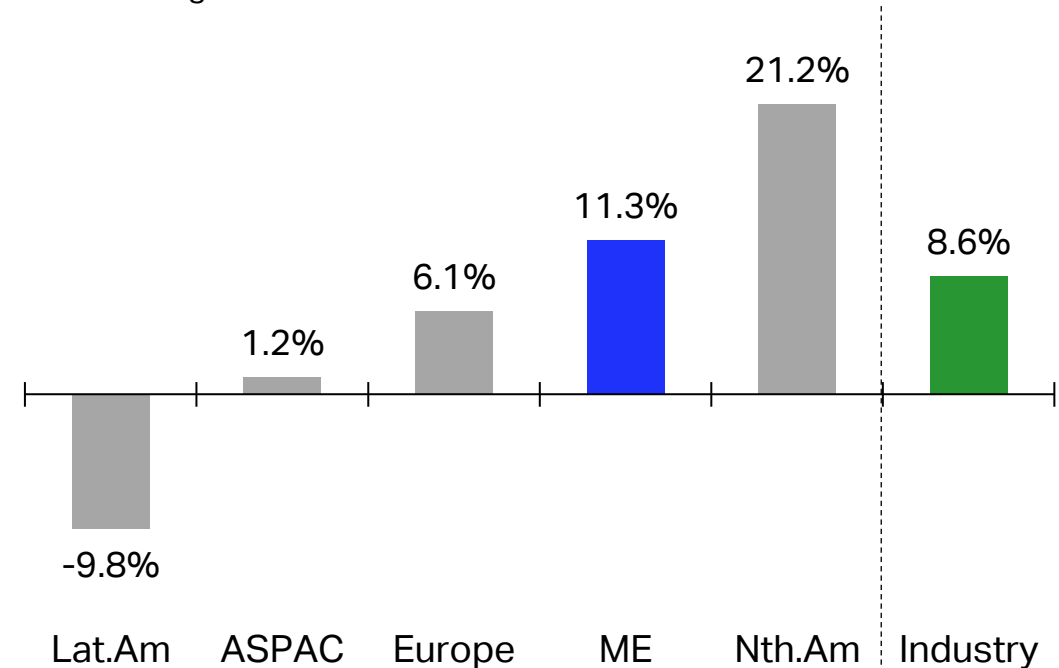
## Cargo tonne kilometers (CTKs)

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

<i>% ch vs. the same period in 2019</i>	2020	May-21	Jun-21	Jul-21
<b>Region (registration basis)</b>				
Middle East	-8.8	13.6	15.8	11.3
Africa	1.2	23.0	33.2	--
World	-8.7	7.8	9.2	8.6
<b>Routes (segment basis)</b>				
Middle East - Asia	-6.3	17.2	18.5	15.5
Middle East - Europe	-17.3	-0.7	-1.9	-8.5
Africa - Europe	-20.2	-10.0	-12.5	--
Middle East - Nth America	-5.1	40.6	47.1	53.5
Africa - Middle East	-31.3	-19.5	-11.7	--
Africa - Asia	9.0	21.1	43.4	--

## Growth in cargo volumes, by region

CTKs, % change vs. Jul 2019



# Capacity, load factors & airline EBIT margins

- Global seat capacity trended higher in July in order to accommodate the slowly rising passenger demand. Passenger capacity of Middle Eastern airlines fell by 57.5% vs. the pre-pandemic July 2019 – the weakest outcome in the industry. Load factors remained below 2019 levels across all regions.
- Global cargo capacity continued to improve but there were regional differences. Carriers based in the Middle East reported capacity down 6.1% compared with pre-crisis levels. Cargo load factors were elevated.
- Pressure on operating margins eased in Q2 2021 vs Q1 2021 across all regions.

## 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	May-21	Jun-21	Jul-21
<b>Passenger</b>					
Middle East	ASK	-63.2	-61.3	-62.5	-57.5
	PLF	57.7	38.9	45.9	51.3
Africa	ASK	-62.3	-65.4	-61.4	--
	PLF	58.5	47.0	54.0	--
World	ASK	-56.7	-54.3	-51.6	-45.2
	PLF	65.1	66.3	69.8	73.1
<b>Cargo</b>					
Middle East	ACTK	-20.1	-7.6	-8.6	-6.1
	CLF	53.3	58.8	57.3	53.6
Africa	ACTK	-13.5	-6.3	-6.3	--
	CLF	42.4	52.5	48.0	--
World	ACTK	-21.1	-11.8	-11.8	-10.3
	CLF	54.2	57.7	56.8	54.4

## Airline operating (EBIT) margins\*

<i>% revenues</i>	2019	2020	2021Q1	2021Q2
Africa & Middle East	-3.4	-4	-16	-13
Industry	5.2	-28	-59	-20

\* constant sample basis, not seasonally adjusted

# Jet aircraft deliveries made & scheduled

- As of September 2021, African carriers are expected to receive similar number of deliveries as in 2020 while deliveries to Middle Eastern airlines are expected to rise by 15%. In both regions, the number of deliveries should remain well below 2019 levels.

## Aircraft deliveries to Africa & the Middle East (as of Sept 2021)

# deliveries made & due

