

## Economy

### GDP growth, selected countries

% change on a yr ago	2020	Q3 2020	Q4 2020	Q1 2021
Saudi Arabia	-4.1	-4.6	-3.9	-3.0
Nigeria	-1.8	-3.1	0.0	0.4
Egypt	0.1	-1.3	0.4	1.6
South Africa	-7.1	-6.1	-4.4	-3.0
UAE	-5.9	--	--	--
Kenya	--	-1.5	--	--
Jordan	-1.6	-2.2	-1.6	0.3
<b>World*</b>	<b>-3.6</b>	<b>-2.6</b>	<b>-1.2</b>	<b>2.6</b>

Source: Eikon Datastream \* Market exchange rate basis

### Exchange rates

end of period, # per US\$	2020	May-21	Jun-21	Jul-21
US\$ broad index	112.1	111.5	111.9	113.3
Saudi Arabian riyal (SAR)	3.75	3.75	3.75	3.75
Nigerian naira (NGN)	394.8	410.5	410.0	411.5
Egyptian pound (EGP)	15.7	15.7	15.7	15.7
Sth African rand (ZAR)	14.6	13.8	14.3	14.6
UAE dirham (AED)	3.67	3.67	3.67	3.67
Kenyan shilling (KES)	109.2	107.7	107.9	108.6
Jordanian dinar (JOD)	0.71	0.71	0.71	0.71

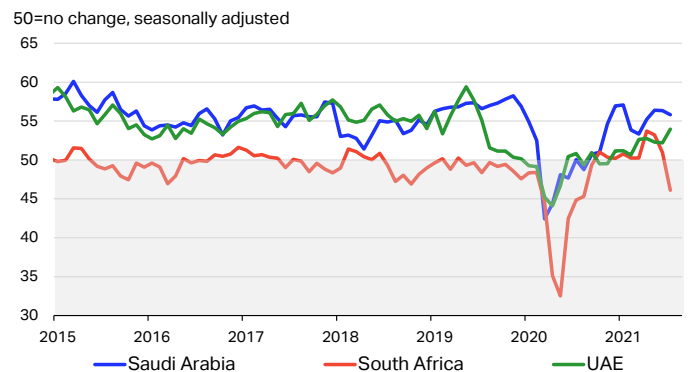
Source: Board of Governors of the Federal Reserve System (US), Eikon Datastream

### World oil and jet fuel price

US\$/barrel (period ave.)	2020	May-21	Jun-21	Jul-21
Crude oil (Brent)	43.4	68.4	73.5	74.4
Jet fuel	46.3	73.4	77.6	79.5

Source: Platts, Eikon Datastream (monthly average data)

### Business confidence - economy-wide PMIs



Source: Markit

- Business conditions sharply deteriorated in South Africa amid public protests. In Saudi Arabia, economic growth remained robust although creation of jobs slowed vs. June. In the UAE, business environment improved on the back of recovering demand, but rising COVID cases in Asia pose a risk to further growth.
- The trade-weighted US dollar index picked up by 1.3% in July. Of the key regional currencies, the ZAR was the main mover, ending the month down 2.6% vs. the US\$ amidst high unemployment, riots and new COVID spike.
- Oil and jet fuel prices continued to trend upwards in July, putting extra pressure on airlines' financials. The increase was driven by recovering global economic activity and uncertainty about Opec+ production deal.

## Market

### Revenue passenger-kilometers (RPKs)

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

% ch vs. the same period in 2019	2020	Apr-21	May-21	Jun-21
<b>Region (registration basis)</b>				
Middle East	-72.1	-81.6	-79.6	-77.7
Africa	-69.3	-74.5	-69.5	-66.6
World	-65.9	-65.2	-62.9	-60.1
<b>Routes (segment basis)</b>				
Middle East - Asia	-73.6	-83.3	-83.8	-84.5
Middle East - Europe	-73.2	-85.8	-82.4	-81.9
Africa - Europe	-68.4	-75.0	-71.1	-64.3
Middle East - Nth America	-71.3	-69.9	-70.4	-60.6
Africa - Middle East	-72.3	-72.4	-66.8	-64.8
Africa - Asia	-79.7	-90.5	-91.1	-92.8

Source: IATA Economics. Note: historical data may be subject to revision

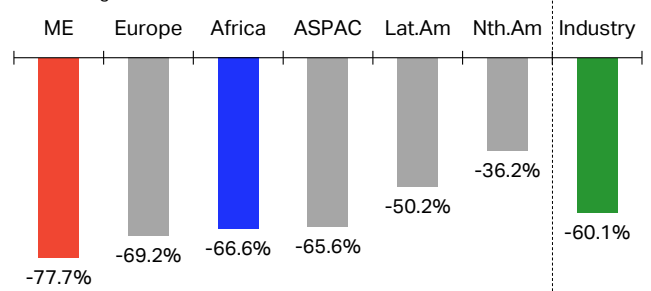
- Slow air travel recovery continued for another month amidst modest improvements in both domestic and international travel. Industry-wide revenue passenger-kilometres (RPKs) fell by 60.1% (vs. June 2019) compared with a 62.9% decline in the previous month.
- Airlines based in Africa reported a 66.6% RPK contraction vs. June 2019. Amongst the African key international markets, Africa-Europe had been

the most resilient with RPKs down 64.3% vs. the pre-crisis levels. In contrast, the smaller Africa-Asia routes continued to underperform, shrinking by almost 93% compared with two years ago.

- Middle Eastern airlines flew 77.7% fewer passenger volumes compared with June 2019 – little improvement on the May contraction and the weakest outcome amongst regions due to still muted international traffic.

### Growth in passenger volumes, by region

RPKs, % change vs. Jun 2019



Source: IATA Economics

## Cargo tonne-kilometers (CTKs)

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

% ch vs. the same period in 2019	2020	Apr-21	May-21	Jun-21
<b>Region (registration basis)</b>				
Middle East	-8.8	15.5	14.3	17.1
Africa	1.2	37.1	28.7	32.0
World	-8.7	11.5	8.5	9.9
<b>Routes (segment basis)</b>				
Middle East - Asia	-7.0	20.5	16.3	16.9
Middle East - Europe	-18.1	0.6	-1.3	-2.6
Africa - Europe	-20.2	-8.1	-9.7	-10.9
Middle East - Nth America	-8.5	33.9	32.9	38.5
Africa - Middle East	-31.5	-20.2	-20.1	-11.1
Africa - Asia	9.0	42.2	34.6	44.1

Source: IATA Economics. Note: historical data may be subject to revision

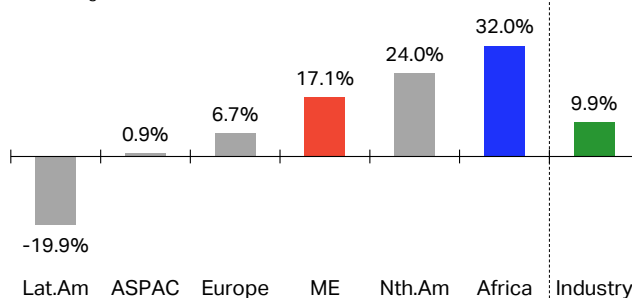
- June 2021 was another month of strong air cargo performance. Industry-wide cargo tonne-kilometres (CTKs) grew 9.9% compared to June 2019 and air cargo drivers point to further growth ahead.
- Robust air cargo expansion continued in June for airlines based in Africa, as their CTKs grew by 32%

versus June 2019. This represents the sixth consecutive month of the highest CTK growth among all regions.

- Carriers based in the Middle East posted a 17.1% increase in their air cargo volumes in June 2021 vs. June 2019, boosted by strong performance on the ME-Asia and ME-Nth.Am trade lanes.

### Growth in cargo volumes, by region

CTKs, % change vs. Jun 2019



Source: IATA Economics

## Industry

### 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	Apr-21	May-21	Jun-21
<b>Passenger</b>					
Middle East	ASK	-63.3	-63.4	-61.6	-62.9
	PLF	57.8	40.4	38.9	45.9
Africa	ASK	-62.3	-63.9	-61.1	-59.5
	PLF	58.5	52.2	53.1	58.7
World	ASK	-56.7	-54.7	-54.1	-51.6
	PLF	65.1	63.9	66.1	69.6
<b>Cargo</b>					
Middle East	ACTK	-20.1	-11.2	-7.6	-8.9
	CLF	53.2	60.7	59.2	58.1
Africa	ACTK	-13.5	-2.4	-3.7	-7.0
	CLF	42.4	53.5	53.6	48.0
World	ACTK	-21.1	-10.6	-11.2	-10.8
	CLF	54.2	58.1	57.7	56.5

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

- Passenger capacity showed a small improvement vs. the previous month. Industry-wide available seat kilometers (ASKs) fell by 51.6% vs. June 2019, compared with a 54.1% decline in the same metric in May. ASKs of African airlines fell by 59.5% while that of Middle Eastern carriers by 62.9% – the largest contraction amongst all regions.
- Although passenger load factors (PLF) recovered from the last year's record lows, they remained well below the pre-crisis levels in most regions. The industry-wide metric was at 69.6% – ~15ppts lower vs June 2019. The average PLF of African and Middle Eastern airlines was at 58.7% & 45.9%, respectively.
- In June, industry-wide available cargo tonne-kilometres (ACTKs) were 10.8% below June 2019 levels, a minor

improvement from May (-11.2%). Both African and Middle Eastern ACTKs showed smaller contraction than the industry average.

- Cargo load factors (CLF) remained exceptionally high in June. The industry-wide metric was at 56.5%, 10.7ppts above June 2019 levels. At the regional level, African airlines posted the CLF at 48.0% while Middle Eastern carriers at 58.1%.
- Q1 financial results showed that the start of the year was very weak for airlines due to stalling air travel recovery in most regions. However, initial Q2 results have been encouraging in some regions.

### Airline operating (EBIT) margins\*

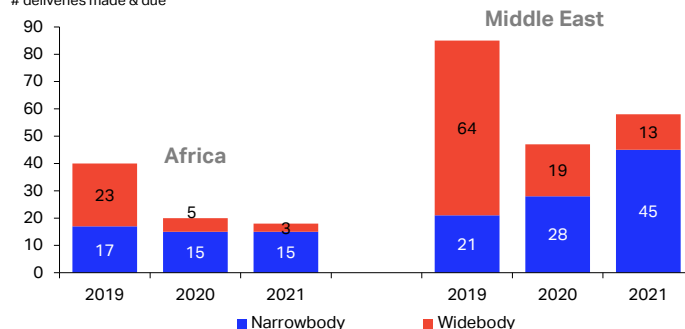
% revenues	2019	2020	2020Q4	2021Q1
Industry	5.2	-28	-35	-41

Source: Airline Analyst \* constant sample basis, not seasonally adjusted

- As of August 2021, African carriers are expected to receive 10% fewer aircraft deliveries in 2021 vs. 2020 while Middle Eastern airlines should get 23% more deliveries. Note that the figures would be revised during the rest of the year depending on the speed of air travel recovery.

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

# deliveries made & due



Source: Cirium Fleet Analyzer