

Economy

GDP growth, selected countries

% change on a yr ago	2018	Q1 2019	Q2 2019	Q3 2019
Saudi Arabia	2.3	1.7	0.5	--
Nigeria	1.9	2.1	2.0	2.1
Egypt	5.2	5.3	5.4	--
South Africa	0.7	-0.1	0.7	0.2
UAE	1.7	--	--	--
Kenya	6.3	5.5	5.7	--
Jordan	2.0	2.0	1.8	--
World*	3.2	2.7	2.5	2.5

Source: Datastream * Market exchange rate basis † Estimate

Exchange rates

end of period, # per US\$	2018	Sep-19	Oct-19	Nov-19
US\$ broad index	128.5	130.8	130.2	129.9
Saudi Arabian riyal (SAR)	3.75	3.75	3.75	3.75
Nigerian naira (NGN)	363.5	361.5	362.3	362.7
Egyptian pound (EGP)	17.9	16.3	16.1	16.1
Sth African rand (ZAR)	14.4	15.2	15.1	14.7
UAE dirham (AED)	3.67	3.67	3.67	3.67
Kenyan shilling (KES)	101.9	103.9	103.3	102.6
Jordanian dinar (JOD)	0.71	0.71	0.71	0.71

Source: Datastream

World oil and jet fuel price

US\$/barrel (period ave.)	2018	Sep-19	Oct-19	Nov-19
Crude oil (Brent)	71.7	62.4	59.6	62.7
Jet fuel	86.4	79.8	78.7	78.2

Source: Platts, Datastream (monthly average data)

Market

Revenue passenger kilometers (RPKs)

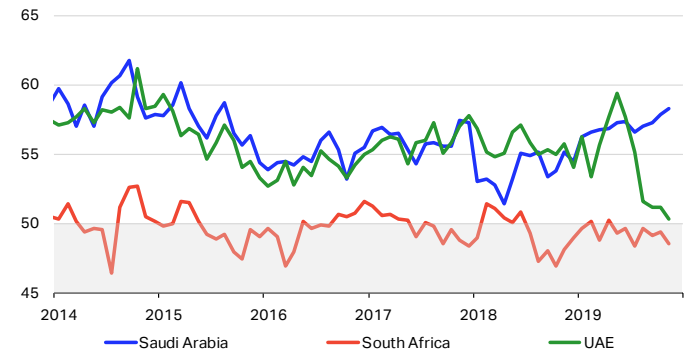
% change on a yr ago	2018	Aug-19	Sep-19	Oct-19
Region (registration basis)				
Middle East	5.0	2.6	2.0	5.5
Africa	6.1	4.1	2.4	3.0
World	7.3	3.8	3.9	3.4
Routes (segment basis)				
Middle East - Asia	4.4	1.1	2.4	9.9
Middle East - Europe	4.9	4.7	4.9	9.0
Africa - Europe	7.4	6.4	5.3	4.2
Middle East - Nth America	1.3	-2.0	0.2	1.4
Africa - Middle East	3.3	5.1	-6.7	-8.7
Africa - Asia	9.4	3.4	6.2	8.9

Source: IATA Statistics Note: historical data may be subject to revision

- Industry-wide revenue passenger kilometres (RPKs) grew by 3.4% year-on-year in October – down from 3.9% in September on a weaker performance from domestic markets.
- Year-on-year RPK growth for carriers based in the Middle East picked up sharply to 5.5%, from 2.0% observed in the previous month. The robust outcome this month partly reflects sharp growth improvement in some of the larger international markets.

Business confidence - economy-wide PMIs

50=no change, seasonally adjusted



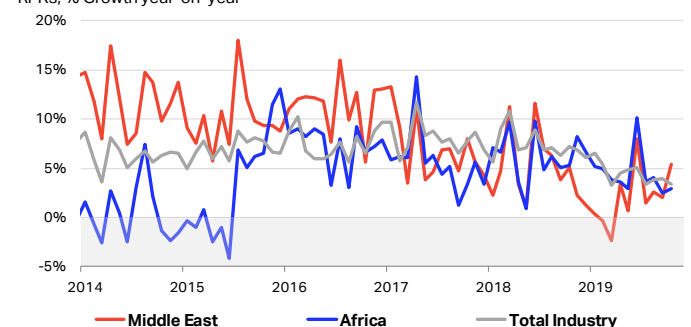
Source: Markit

- Saudi Arabia's business sentiment lifted to levels last seen in 2015 on the back of improving economic outcomes. By contrast, confidence remained weak in South Africa and eased further in the UAE, closing in on (low) levels not seen since the time of the global financial crisis.
- The trade weighted US\$ index eased for the second consecutive month, down 0.2%. Of the main regional currencies, the ZAR and KES gained 2.8% and 0.7% against the US\$, respectively.
- While the average monthly jet fuel price stabilized in November, the crude oil price picked up a little, ahead of the recent OPEC meeting.

- In particular, passenger traffic picked up by more than 7ppt (to 9.9% year-on-year) in the larger Middle East-Asia market and growth almost doubled (to 9.0%yoy) on routes between the Middle East and Europe.
- In Africa, RPK growth picked up modestly to 3.0% year-on-year, underpinned by a growth improvement in a number of key domestic markets, as well as faster expansion on Africa-Asia routes, where passenger volumes increased by almost 9% vs a year ago. In contrast, traffic between Africa and the Middle East has *fallen* by a similar margin vs last year.

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

Freight tonne kilometers (FTKs)

% change on a yr ago	2018	Aug-19	Sep-19	Oct-19
Region (registration basis)				
Middle East	4.6	-6.5	-7.8	-6.0
Africa	-0.3	8.0	2.2	12.6
World	3.7	-4.3	-4.4	-3.5
Routes (segment basis)				
Middle East - Asia	4.8	-5.2	-4.4	-3.1
Middle East - Europe	3.7	-7.7	-9.8	-7.9
Africa - Europe	0.0	-2.1	-7.2	-3.3
Middle East - Nth America	-2.5	-9.6	-4.1	-8.5
Africa - Middle East	-5.7	-5.1	-8.5	-3.2
Africa - Asia	-4.0	17.4	22.6	20.1

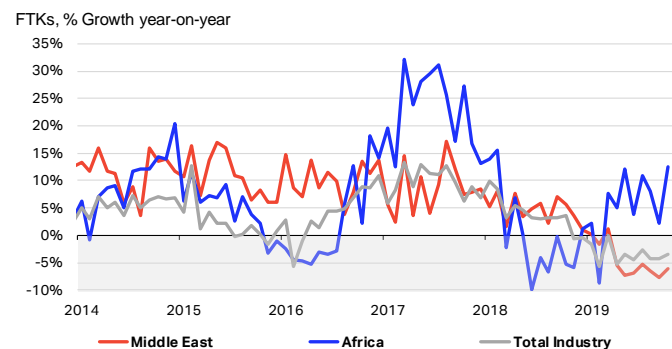
Source: IATA Statistics Note: historical data may be subject to revision

- Industry-wide freight tonne kilometres (FTKs) decreased by 3.5% in October 2019 compared to a year ago. This represents the 12th consecutive month of annual decline. That said, recent monthly outcomes show a stabilization in air freight volumes.
- At the regional level, Middle Eastern airlines registered an even 6% annual fall in FTKs in October. This is in line with the pace of annual growth over the past six

months or so. Africa was again the strongest performer of all regions in terms of freight demand, with FTKs up by 12.6% vs a year ago. This robust performance continues to be underpinned by double-digit growth on Africa-Asia routes (up 20%yo).

- Most of the key international trade lanes posted a y-o-y contraction in FTKs in Oct. That said, the downward pressure on volumes eased modestly across the larger markets, including ME-Asia and ME-Europe.

Growth in air freight volumes



Source: IATA Statistics

Industry

Capacity growth and load factors

ASK/AFTK: %ch on a yr ago,		2018	Aug-19	Sep-19	Oct-19
LF: % of ASK/AFTK					
Passenger					
Middle East	ASK	5.8	1.1	0.3	0.3
	PLF	74.5	82.1	75.0	73.4
Africa	ASK	4.3	6.2	3.7	5.3
	PLF	71.6	75.5	72.4	69.7
World	ASK	6.8	3.5	3.4	2.2
	PLF	82.0	85.6	81.9	82.0
Freight					
Middle East	AFTK	8.5	-0.8	-0.4	0.9
	FLF	49.3	43.6	46.1	47.7
Africa	AFTK	1.9	17.1	9.7	13.9
	FLF	37.5	30.1	32.8	36.1
World	AFTK	5.2	2.4	2.6	2.2
	FLF	49.3	44.2	46.3	47.7

Source: IATA Statistics. Note: LF=load factor. ASK=available seat kilometers. AFTK=available freight tonne kilometers

- The industry-wide passenger load factor (PLF) reached a new all-time October high as RPKs continued to grow faster than capacity. On the freight side, the load factor (FLF) eased by 2.8ppt vs a year ago, to 47.7%
- PLFs for both Africa and the Middle East performed robustly, albeit for the latter the outcome was below that of October last year (by 1.6ppt). For freight, ME airlines marked a new all-time Oct low FLF as capacity growth continues to outpace demand.
- The latest Q3 2019 airline financial data point to a

Airline operating (EBIT) margins*

% revenues	2017	2018	2018Q3	2019Q3
Africa & Middle East	-2.3	-3.4	12.6	14.5
Industry	7.5	5.7	12.7	13.2

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

slight improvement in industry-wide financial performance on the back of better performance in North America. At the regional level, the EBIT margin improved vs Q3 2018, to 14.5%.

- Passenger yield developments remained mixed across the key international markets in the region. While growth in yields returned to a positive territory in the larger ME-Asia market (up ~8ppt), it deteriorated by a similar amount in the ME-NthAm market (-5.5%yo).

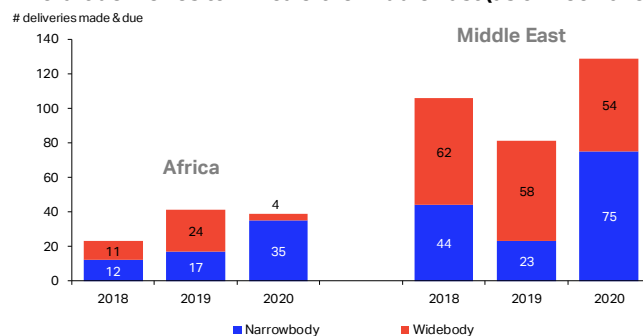
Passenger yields (US\$, excl. surcharges & ancillaries)

% change on a yr ago	2018	Aug-19	Sep-19	Oct-19
Middle East - Asia	-0.6	15.7	-2.8	5.5
Middle East - Europe	4.2	-2.9	-5.8	-5.2
Africa - Europe	4.0	-3.3	-8.5	-3.9
Middle East - Nth America	5.7	0.2	2.4	-5.5
Middle East - Sth America	3.0	-9.8	-5.7	-5.6
Africa - Middle East	4.4	-3.3	-10.3	-9.0
Africa - Nth America	2.5	-2.9	-4.7	-5.1
Within Middle East	6.9	3.8	2.6	2.6
Within Africa	7.0	-4.4	-1.1	-6.4

Source: IATA Travel Intelligence Note: historical data may be subject to revision

- The latest data indicate stabilization in jet aircraft deliveries for African airlines and a sharp lift for carriers based in the Middle East in 2020 vs 2019.

Aircraft deliveries to Africa & the Middle East (as of Dec 2019)



Source: Ascend