

## Economy

### GDP growth, selected countries

% change on a y r ago	2019	Q1 2020	Q2 2020	Q3 2020
Saudi Arabia	0.3	-1.0	-7.0	-4.6
Nigeria	2.2	2.0	-6.0	-3.1
Egypt	5.0	4.3	-3.1	--
South Africa	0.1	-0.2	-18.3	-6.9
UAE	1.3	--	--	--
Kenya	5.4	5.0	-5.6	--
Jordan	3.7	1.3	-3.6	--
<b>World*</b>	<b>2.5</b>	<b>-1.6</b>	<b>-9.0</b>	<b>-2.9</b>

Source: Datastream \* Market exchange rate basis

### Exchange rates

end of period, # per US\$	2019	Sep-20	Oct-20	Nov-20
US\$ broad index	114.7	117.3	116.5	113.6
Saudi Arabian riyal (SAR)	3.75	3.75	3.75	3.75
Nigerian naira (NGN)	362.9	385.5	386.3	385.8
Egyptian pound (EGP)	16.0	15.8	15.7	15.7
Sth African rand (ZAR)	14.0	16.7	16.3	15.5
UAE dirham (AED)	3.67	3.67	3.67	3.67
Kenyan shilling (KES)	101.4	108.5	108.8	110.1
Jordanian dinar (JOD)	0.71	0.71	0.71	0.71

Source: Datastream

### World oil and jet fuel price

US\$/barrel (period ave.)	2019	Sep-20	Oct-20	Nov-20
Crude oil (Brent)	64.2	41.9	41.6	44.1
Jet fuel	79.6	41.1	43.5	47.7

Source: Platts, Datastream (monthly average data)

## Market

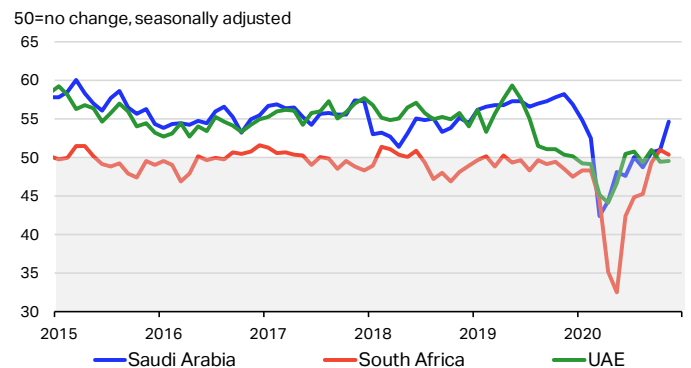
### Revenue passenger-kilometers (RPKs)

% change on a y r ago	2019	Aug-20	Sep-20	Oct-20
<b>Region (registration basis)</b>				
Middle East	2.3	-90.6	-88.1	-85.5
Africa	4.7	-86.8	-82.9	-76.3
World	4.1	-74.8	-72.2	-70.6
<b>Routes (segment basis)</b>				
Middle East - Asia	4.2	-91.4	-88.9	-86.6
Middle East - Europe	4.4	-91.3	-89.1	-87.5
Africa - Europe	4.5	-85.9	-83.0	-77.9
Middle East - Nth America	0.0	-88.5	-84.6	-82.2
Africa - Middle East	-1.6	-92.3	-86.8	-76.9
Africa - Asia	3.5	-94.7	-93.5	-93.1

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

- Industry-wide revenue passenger-kilometres (RPKs) fell by 70.6% year-on-year in October, a modest improvement from the 72.2% decline in September. As in the previous months, the gain has been driven by domestic markets.
- Airlines based in the Middle East penciled in soft performances, as international connectivity and long-haul traffic remained muted. The region's RPKs fell by

### Business confidence - economy-wide PMIs



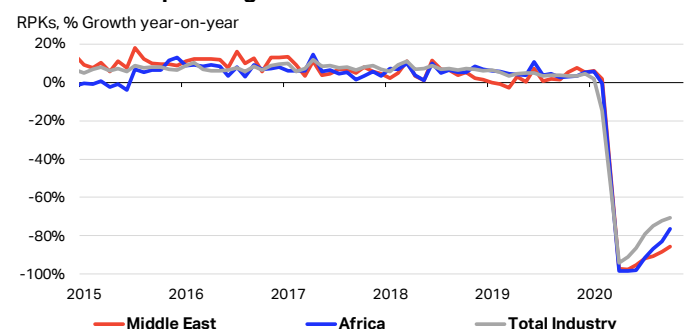
Source: Markit

- Business sentiment ticked down in South Africa as recovering demand resulted in a shortage of industrial commodities. The economic backdrop remained challenging in the UAE amidst the effects of COVID-19 while Saudi Arabia's business activity showed a solid recovery from the virus.
- The trade weighted US dollar index fell by 2.5% in November amidst investors' hopes that vaccines will accelerate the global economic recovery. Amongst the key regional currencies, the ZAR was the main mover this month, gaining ~5% against the US\$.
- Brent Crude oil and jet fuel price also reflected positive news flow about the vaccine, rising by 2% and 4%, respectively versus October.

~86%yoy, little improvement on the 88% contraction in September. Of the key markets, the smaller Africa-Middle East was the most resilient, reporting a 77% decline in passenger volumes.

- African carriers flew 76% fewer RPKs in October compared to the same period a year ago. Their international RPKs were the most resilient of all regions, amidst modest improvements on Africa-Europe and Africa-Middle East routes.

### Growth in air passenger volumes



Source: IATA Economics

## Cargo tonne-kilometers (CTKs)

% change on a yr ago	2019	Aug-20	Sep-20	Oct-20
<b>Region (registration basis)</b>				
Middle East	-4.6	-6.5	-1.7	-2.0
Africa	7.4	1.9	10.6	2.2
World	-3.2	-12.0	-7.8	-6.2
<b>Routes (segment basis)</b>				
Middle East - Asia	-2.3	-5.7	0.2	3.4
Middle East - Europe	-5.2	-18.4	-12.7	-12.3
Africa - Europe	-1.9	-28.8	-23.5	-12.1
Middle East - Nth America	-7.0	2.3	-3.9	-2.2
Africa - Middle East	-6.0	-39.3	-26.7	-30.4
Africa - Asia	12.6	18.2	23.6	4.2

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

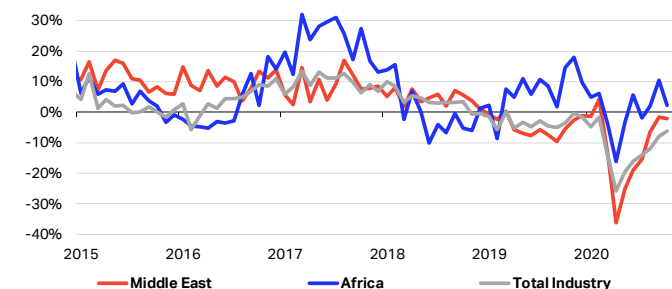
- Industry-wide cargo tonne-kilometres (CTKs) fell by 6.2% year-on-year versus a 7.8% fall in the previous month. The pace of improvement softened modestly compared with September.
- Notwithstanding the softer year-on-year expansion in October, Africa remained the second-best performer of all regions after North America. The region's CTKs

rose by 2%yoy, compared with an 11% expansion in September. The main culprit behind the slowdown was the Asia-Africa market where CTK growth decelerated by 19ppts, to +4% year-on-year.

- Middle Eastern carriers registered a broadly unchanged CTK contraction from the previous month, at -2%yoy. The weakness was largely driven by developments on Africa-Middle East trade lanes where the contraction in volumes accelerated to -30%yoy.

### Growth in air cargo volumes

CTKs, % Growth year-on-year



Source: IATA Economics

## Industry

### Capacity growth and load factors

ASK/ACTK: %ch on a yr ago,		2019	Aug-20	Sep-20	Oct-20
LF: % of ASK/ACTK					
<b>Passenger</b>					
Middle East	ASK	0.1	-79.2	-75.4	-72.4
	PLF	76.2	37.3	36.3	38.7
Africa	ASK	4.5	-77.4	-73.0	-65.6
	PLF	71.8	44.2	46.0	48.2
World	ASK	3.4	-63.4	-62.3	-59.9
	PLF	82.6	59.0	60.5	60.2
<b>Cargo</b>					
Middle East	ACTK	0.8	-26.5	-25.5	-22.8
	CLF	46.7	55.3	60.0	60.6
Africa	ACTK	11.3	-37.0	-27.9	-22.5
	CLF	36.1	50.6	51.7	50.2
World	ACTK	2.1	-29.0	-25.5	-22.6
	CLF	46.8	54.8	57.2	57.6

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

- Airline seat capacity continued to recover faster than RPKs. As a result, the industry-wide passenger load factor (PLF) reached a new record-low for October (60%). At the regional level, the PLF was at 48% & 39% for African and Middle Eastern carriers, respectively.
- For freight, load factors remained in elevated levels amidst the ongoing capacity shortage that resulted from grounding of passenger aircraft. The CLF of African airlines was 12ppts above a year ago level while Middle Eastern airlines saw a 13ppts gain in their CLF.

### Airline operating (EBIT) margins\*

% revenues	2018	2019	2019Q3	2020Q3
Africa & Middle East	-3.4	-4.0	24.2	-47
Industry	5.7	5.2	12.7	-61

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

- Our latest sample of Q3 2020 results confirms that negative impact of the pandemic on airline financials persists. Airlines in all regions reported another quarter of sharp losses, since the recovery in air travel demand was limited.
- Note that the passenger yield data should be interpreted with caution due to the small number of tickets being sold amidst the pandemic crisis.

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

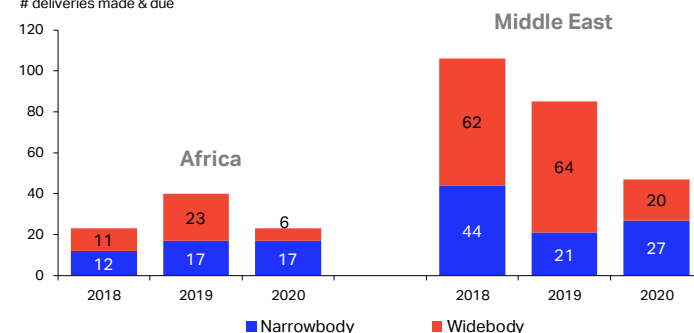
% change on a yr ago	2019	Aug-20	Sep-20	Oct-20
Middle East - Asia	7.3	30.7	29.7	46.6
Middle East - Europe	-5.5	49.4	74.5	75.5
Africa - Europe	-7.0	7.3	8.3	0.6
Middle East - Nth America	3.8	23.8	10.6	21.8
Middle East - Sth America	-6.0	38.5	17.3	14.6
Africa - Middle East	-5.0	2.0	41.8	40.6
Africa - Nth America	-3.1	-14.3	-14.5	-14.4
Within Middle East	3.0	11.0	22.8	34.2
Within Africa	-8.7	19.7	17.3	12.7

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

- The latest data show a fall in jet aircraft deliveries for African and Middle Eastern airlines in 2020 vs. 2019.

### Aircraft deliveries to Africa & the Middle East (as of Dec. 2020)

# deliveries made & due



Source: Ascend