

## Economy

### GDP growth, selected countries

% change on a yr 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	-1.3
South Africa	0.1	-0.2	-18.3	-6.9
UAE	1.7	--	--	--
Kenya	5.4	5.2	-5.0	-1.5
Jordan	3.7	1.3	-3.6	-2.2
<b>World*</b>	<b>2.5</b>	<b>-1.6</b>	<b>-8.9</b>	<b>-2.7</b>

Source: Datastream \* Market exchange rate basis

### Exchange rates

end of period, # per US\$	2020	Nov-20	Dec-20	Jan-21
US\$ broad index	111.7	113.6	111.7	112.2
Saudi Arabian riyal (SAR)	3.75	3.75	3.75	3.75
Nigerian naira (NGN)	394.8	385.8	394.8	394.8
Egyptian pound (EGP)	15.7	15.7	15.7	15.7
Sth African rand (ZAR)	14.6	15.5	14.6	15.1
UAE dirham (AED)	3.67	3.67	3.67	3.67
Kenyan shilling (KES)	109.2	110.1	109.2	110.2
Jordanian dinar (JOD)	0.71	0.71	0.71	0.71

Source: Datastream

### World oil and jet fuel price

US\$/barrel (period ave.)	2020	Nov-20	Dec-20	Jan-21
Crude oil (Brent)	43.4	44.1	50.4	55.2
Jet fuel	46.3	47.7	55.4	59.6

Source: Platts, Datastream (monthly average data)

## Market

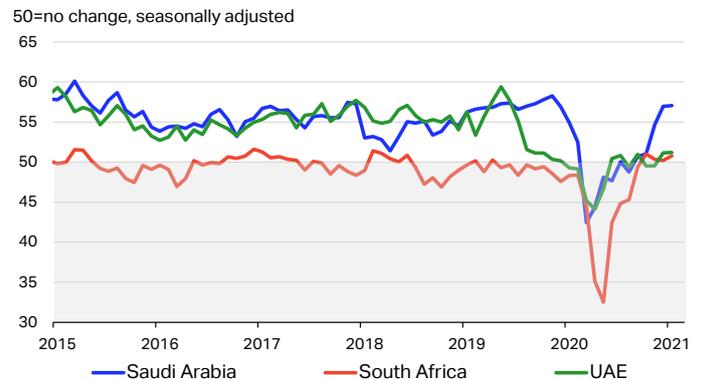
### Revenue passenger-kilometers (RPKs)

% change on a yr ago	2020	Oct-20	Nov-20	Dec-20
<b>Region (registration basis)</b>				
Middle East	-72.2	-85.6	-84.7	-81.3
Africa	-68.8	-74.4	-74.9	-67.7
World	-65.9	-70.6	-70.4	-69.7
<b>Routes (segment basis)</b>				
Middle East - Asia	-73.7	-86.6	-85.9	-84.3
Middle East - Europe	-73.2	-87.5	-87.0	-80.0
Africa - Europe	-68.4	-75.8	-78.5	-66.8
Middle East - Nth America	-71.3	-82.1	-81.7	-79.5
Africa - Middle East	-72.5	-77.1	-73.7	-69.9
Africa - Asia	-80.1	-93.1	-93.9	-92.5

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

- Industry-wide revenue passenger-kilometres (RPKs) fell by 69.7% year-on-year in Dec – confirming that the recovery in air travel had been stalling in Q4. In 2020 as a whole, passenger traffic plunged by 66%, which was by far the sharpest decline in aviation history.
- Carriers based in Africa reported a 67.7%yoy decline in December and a 68.8%yoy fall in 2020 as a whole. Africa's international market shrank the least

### Business confidence - economy-wide PMIs



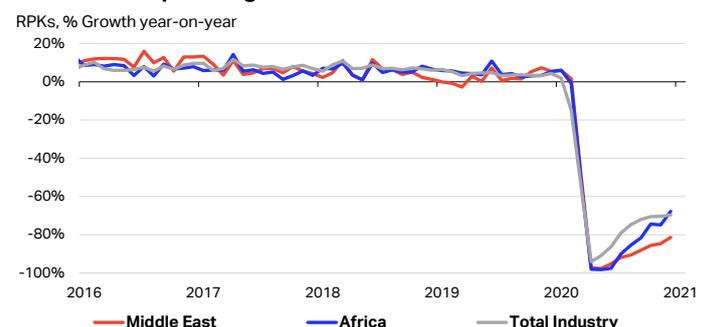
Source: Markit

- Operating conditions in Saudi Arabia improved at a solid pace in January as the country's economy continued to recover from the crisis and virus cases remained low. In the UAE and South Africa, economic growth remains slow amidst the pandemic's effects.
- The trade-weighted US dollar index ticked up by 0.5% in January, following three consecutive monthly falls. Amongst the key regional currencies, the ZAR ended the month down 3.1% against the US\$.
- Brent Crude oil and jet fuel prices increased in January, reflecting Saudi Arabia's supply cuts and hopes that the new US stimulus package will boost oil demand.

amongst all regions last year due to relatively less stringent travel restrictions compared to the rest of the world. That said, RPK declines were still significant on all of the region's key markets, ranging from -68% to -80% compared with 2019.

- Middle Eastern airlines reported a 72.2% RPK contraction in 2020 vs. 2019 and an 81.3%yoy fall in December. The region's reliance on currently muted long-haul connections will remain one of the key challenges for faster air travel recovery.

### Growth in air passenger volumes



Source: IATA Economics

## Cargo tonne-kilometers (CTKs)

% change on a yr ago	2020	Oct-20	Nov-20	Dec-20
<b>Region (registration basis)</b>				
Middle East	-9.5	-1.2	-2.2	2.2
Africa	1.0	3.5	-2.0	5.4
World	-10.6	-6.1	-6.2	-0.5
<b>Routes (segment basis)</b>				
Middle East - Asia	-7.5	5.1	2.5	5.0
Middle East - Europe	-18.1	-8.8	-12.5	-10.6
Africa - Europe	-23.4	-12.9	-15.1	-12.2
Middle East - Nth America	-8.5	-2.0	4.9	12.3
Africa - Middle East	-31.5	-29.3	-29.3	-16.6
Africa - Asia	8.6	4.3	-4.4	4.0

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

- Air cargo experienced a robust year-end, with industry-wide cargo tonne-kilometres (CTKs) down by only 0.5% in December compared with December 2019. In 2020 as a whole, CTKs fell by 10.6%.
- CTKs flown by African carriers rose by 5.4%yoy in December and 1%yoy in 2020 overall – in both cases

## Industry

### Capacity growth and load factors

ASK/ACTK: %ch on a yr ago,		2020	Oct-20	Nov-20	Dec-20
LF: % of ASK/ACTK					
<b>Passenger</b>					
Middle East	ASK	-63.3	-71.3	-69.4	-67.2
	PLF	57.6	36.7	36.7	44.0
Africa	ASK	-61.0	-63.3	-62.7	-57.5
	PLF	57.4	48.8	47.7	54.9
World	ASK	-56.5	-59.7	-58.6	-56.7
	PLF	64.8	60.0	57.9	57.5
<b>Cargo</b>					
Middle East	ACTK	-20.9	-21.2	-19.0	-18.3
	CLF	53.4	59.9	60.3	59.7
Africa	ACTK	-17.3	-18.1	-20.0	-23.1
	CLF	44.2	48.1	49.5	51.0
World	ACTK	-23.3	-22.2	-19.3	-17.7
	CLF	54.5	57.4	57.9	57.3

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

- Overall, 2020 was a weak year for passenger load factors since many carriers struggled to adjust their capacity fast enough to rapidly changing regulations and virus outbreaks. On average, the global PLF was 17.8ppts lower vs. 2019, at 64.8%. At the regional level, the PLF fell to 57.6% & 57.4% for ME and African carriers, respectively.
- In contrast, air cargo load factors were elevated last year due to the lack of belly cargo capacity. The industry-wide cargo load factor picked up by 7.7ppts vs. 2019, to 54.5%. African and Middle Eastern carriers posted the CLF at 44.2% and 53.4%, respectively.

### Airline operating (EBIT) margins\*

% revenues	2018	2019	2019Q4	2020Q4
Industry	5.7	5.2	8.7	-51

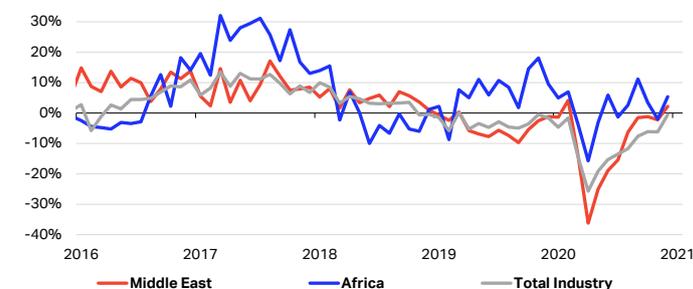
Source: Airline Analyst \* constant sample basis, not seasonally adjusted

the second-best performance after the North America region.

- Middle Eastern airlines posted a 9.5% drop in their CTKs in 2020 vs. 2019. That said, the region's cargo volumes already recovered to pre-crisis levels in December (+2.2%yoy). Of the key regional markets, ME-Nth.Am had been the strongest performer recently, growing by 12.3%yoy at the year-end.

### Growth in air cargo volumes

CTKs, % Growth year-on-year



Source: IATA Economics

- The initial sample of 4Q20 financial results showed that airlines' EBIT margins remained deep in contractionary territory. That said, the sample also indicated that the incurred losses were smaller than in Q3 due to drastic cost-cutting measures and robust cargo revenues.
- Note that the passenger yield data should be interpreted with caution due to the small number of tickets being sold amidst the pandemic crisis.

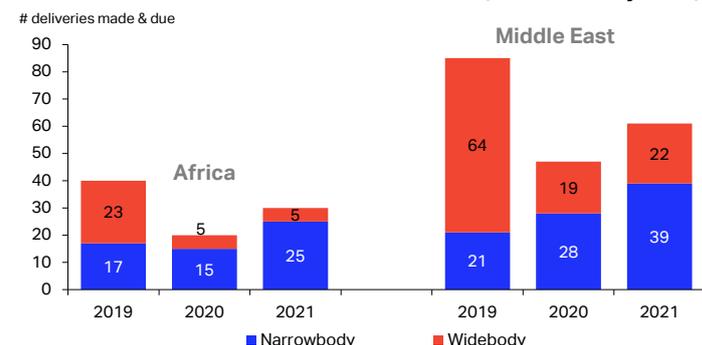
### Passenger yields (US\$, excl. surcharges & ancillaries)

% change on a yr ago	2020	Oct-20	Nov-20	Dec-20
Middle East - Asia	2.0	46.8	38.5	31.7
Middle East - Europe	10.0	78.4	77.6	50.7
Africa - Europe	-1.8	1.7	-2.0	13.1
Middle East - Nth America	6.3	22.7	6.2	17.9
Middle East - Sth America	-0.2	16.3	4.9	12.6
Africa - Middle East	4.7	40.6	33.7	27.7
Africa - Nth America	-5.1	-14.6	-20.8	-10.0
Within Middle East	9.5	37.6	31.8	31.1
Within Africa	2.4	12.6	9.0	7.3

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

- As of February 2021, carriers based in Africa and the Middle East are expected to receive 50% and 30% more aircraft deliveries in 2021 compared with 2020, respectively.

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



Source: Ascend