

Economy

GDP growth, selected countries

% change on a yr ago	2019	Q3 2019	Q4 2019	Q1 2020
Saudi Arabia	0.5	-0.4	0.4	-1.0
Nigeria	2.2	2.1	2.5	2.0
Egypt	5.0	4.5	4.8	5.0
South Africa	0.1	0.1	-0.6	-0.3
UAE	1.3	--	--	--
Kenya	5.4	5.2	5.3	5.1
Jordan	2.5	1.9	4.1	2.1
World*	2.5	2.5	2.4	-1.7

Source: Datastream * Market exchange rate basis

Exchange rates

end of period, # per US\$	2019	Apr-20	May-20	Jun-20
US\$ broad index	114.7	122.7	121.3	120.9
Saudi Arabian riyal (SAR)	3.75	3.76	3.76	3.75
Nigerian naira (NGN)	362.9	384.0	386.6	386.6
Egyptian pound (EGP)	16.0	15.8	15.9	16.1
Sth African rand (ZAR)	14.0	18.3	17.6	17.4
UAE dirham (AED)	3.67	3.67	3.67	3.67
Kenyan shilling (KES)	101.4	107.3	106.8	106.6
Jordanian dinar (JOD)	0.71	0.71	0.71	0.71

Source: Datastream

World oil and jet fuel price

US\$/barrel (period ave.)	2019	Apr-20	May-20	Jun-20
Crude oil (Brent)	64.2	26.8	32.4	40.9
Jet fuel	79.6	23.1	29.6	41.8

Source: Platts, Datastream (monthly average data)

Market

Revenue passenger kilometers (RPKs)

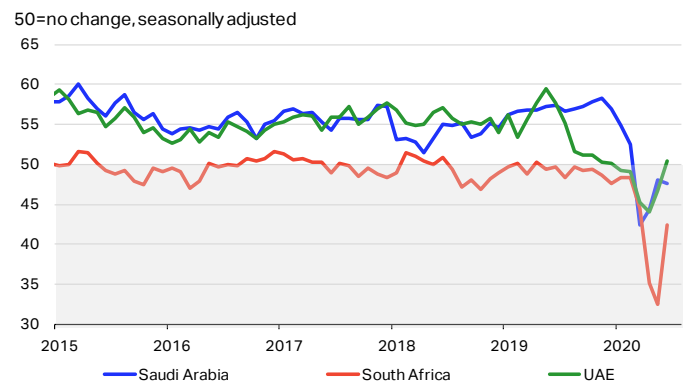
% change on a yr ago	2019	Mar-20	Apr-20	May-20
Region (registration basis)				
Middle East	2.3	-50.2	-97.3	-97.9
Africa	4.7	-51.0	-98.2	-97.9
World	4.1	-55.5	-94.0	-91.3
Routes (segment basis)				
Middle East - Asia	3.5	-55.3	-98.6	-98.7
Middle East - Europe	4.4	-49.3	-97.7	-98.2
Africa - Europe	4.5	-45.6	-98.6	-98.5
Middle East - Nth America	0.0	-47.6	-97.2	-97.6
Africa - Middle East	-1.6	-57.4	-99.5	-99.2
Africa - Asia	5.0	-64.7	-99.0	-99.2

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

- Industry-wide revenue passenger-kilometres (RPKs) contracted by 91% year-on-year in May, compared to the 94% annual decline observed in April. The modest improvement this month was driven by developments in domestic markets.
- The regional RPK outcomes showed only slight improvement from April. Carriers based in the Middle East and Africa again recorded annual RPK contraction close to 100% in May.

IATA Economics: www.iata.org/economics

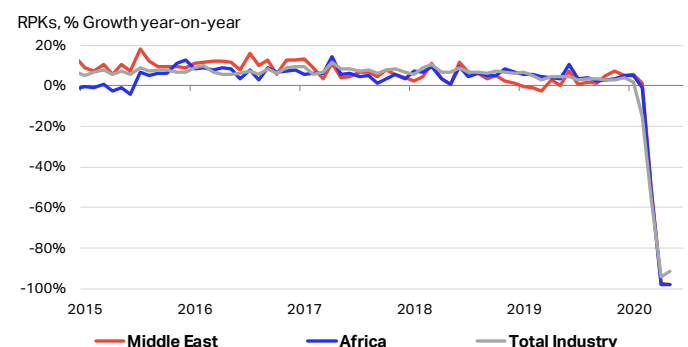
Business confidence - economy-wide PMIs



- Business sentiment rebounded in South Africa and the UAE amidst loosening of COVID-19 related restrictions and restarting economic activity. In contrast, business confidence ticked down in Saudi Arabia, reflecting weak domestic and international demand.
- The trade-weighted US dollar index eased modestly in June, down 0.3%. Amongst the key regional currencies, the EGP ended the month down 1.8% against the US\$ while the ZAR gained 1.4%.
- Oil and jet fuel prices rose further amidst expectations about demand recovery with the reopening of markets. Sharp production cuts from OPEC and Russia also provided some support to the price increase.

- The region's key international routes remained largely closed (RPKs down close to 100%yoy) amidst strict travel restrictions around the world.
- Looking forward, some improvement in demand is expected in the region as countries started to ease their lockdowns and airlines have been restoring some of their seat capacity.

Growth in air passenger volumes



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Cargo tonne kilometers (CTKs)

% change on a yr ago	2019	Mar-20	Apr-20	May-20
Region (registration basis)				
Middle East	-4.6	-14.2	-36.3	-25.2
Africa	7.4	-4.3	-20.1	-7.4
World	-3.2	-14.6	-25.6	-20.3
Routes (segment basis)				
Middle East - Asia	-2.7	-18.8	-42.4	-37.0
Middle East - Europe	-5.2	-18.1	-44.0	-34.9
Africa - Europe	-1.9	-22.8	-59.7	-49.4
Middle East - Nth America	-7.0	-11.6	-46.2	-49.7
Africa - Middle East	-6.0	-29.8	-72.7	-70.4
Africa - Asia	12.0	8.6	-1.0	-0.4

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

- Industry-wide cargo tonne-kilometres (CTKs) fell by 20.3% year-on-year in May, a slight improvement from the 25.6% decline seen in April. This initial recovery partly comes on the back of stabilizing manufacturing output and new export orders.
- Middle Eastern airlines recorded a 25% annual decline in cargo volumes in May, an improvement from the 36% contraction in April. Nonetheless, all key routes to and from the region faced very low traffic demand.

Industry

Capacity growth and load factors

ASK/ACTK: %ch on a yr ago,		2019	Mar-20	Apr-20	May-20
LF: % of ASK/ACTK					
Passenger					
Middle East	ASK	0.1	-37.8	-92.4	-93.9
	PLF	76.2	58.9	28.7	25.5
Africa	ASK	4.5	-38.7	-88.4	-79.9
	PLF	71.8	57.6	11.1	7.1
World	ASK	3.3	-38.6	-86.6	-86.0
	PLF	82.6	59.4	37.2	50.7
Cargo					
Middle East	ACTK	1.1	-19.2	-43.0	-26.0
	CLF	46.6	52.2	52.1	48.3
Africa	ACTK	11.2	-11.8	-38.7	-39.4
	CLF	36.2	41.9	49.6	61.2
World	ACTK	2.2	-20.8	-41.6	-34.7
	CLF	46.7	53.6	59.4	57.6

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

- In May, passenger demand continued to fall faster than capacity. As a result, the industry-wide passenger load factor dropped by 31 ppts year-on-year to 50.7%. The PLF of Middle Eastern and African airlines fell by 48ppts & 61ppts, respectively.
- Cargo belly capacity increased in May, hinting that the recent capacity crunch might start to unwind soon. The industry-wide cargo LF was 10.4ppts higher vs a year ago. At the regional level, the CLF was up 0.5ppts for ME airlines & 21ppts for African carriers.

Airline operating (EBIT) margins*

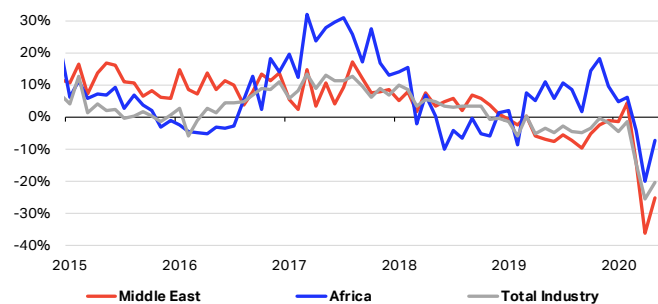
% revenues	2018	2019	2019Q1	2020Q1
Africa & Middle East	-3.4	-4.0	-2.5	-15.5
Industry	5.7	5.2	4.6	-10.8

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

- Airlines based in Africa extended a run of relatively resilient performance, with CTKs contracting by 7.4% yoy. The region has generally been the top performer over the past 15 months.
- The outcomes for the region continue to be driven by the Africa-Asia trade route, where cargo volumes were down 0.4%yoy in May.

Growth in air cargo volumes

CTKs, % Growth year-on-year



Source: IATA Economics

- Q1 2020 financial results show the start of the severe negative impact of the pandemic on airline profitability. The industry-wide EBIT margin was -10.8% of revenues, down from 4.6% in Q1 2019. At the regional level, the EBIT margin fell to -15.5%.
- Note that the yield data during the lockdown period should be interpreted with caution as the number of tickets being sold declined dramatically and part of the sales were arising from repatriation flights.

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

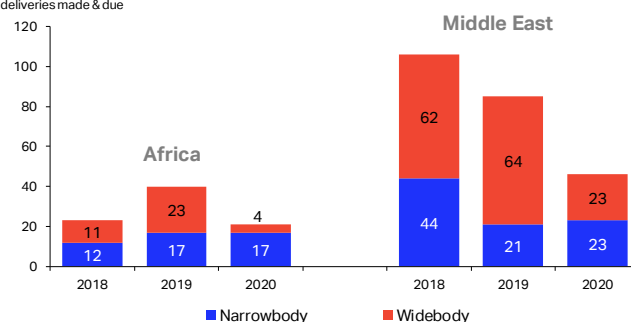
% change on a yr ago	2019	Mar-20	Apr-20	May-20
Middle East - Asia	7.3	-9.1	9.5	11.7
Middle East - Europe	-5.5	-14.6	8.4	43.7
Africa - Europe	-7.0	-4.4	-2.4	-6.8
Middle East - Nth America	3.8	-6.3	46.2	71.3
Middle East - Sth America	-6.0	-10.2	25.7	38.4
Africa - Middle East	-5.0	-12.3	27.9	42.0
Africa - Nth America	-3.1	1.7	29.3	14.2
Within Middle East	3.0	-16.1	17.7	29.3
Within Africa	-8.7	-12.9	13.3	27.0

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 July 2020)

deliveries made & due



Source: Ascend