

Economy

GDP growth, selected countries

% change on a y ago	2020	Q2 2020	Q3 2020	Q4 2020
Saudi Arabia	-4.1	-7.0	-4.6	-3.9
Nigeria	-1.8	-6.0	-3.1	0.0
Egypt	--	-3.1	-1.3	--
South Africa	-7.1	-17.6	-6.1	-4.3
UAE	1.7	--	--	--
Kenya	--	-5.0	-1.5	--
Jordan	--	-3.6	-2.2	--
World*	-3.7	-8.9	-2.7	-1.5

Source: Eikon Datastream * Market exchange rate basis

Exchange rates

end of period, # per US\$	2020	Dec-20	Jan-21	Feb-21
US\$ broad index	112.1	112.1	111.8	112.3
Saudi Arabian riyal (SAR)	3.75	3.75	3.75	3.75
Nigerian naira (NGN)	394.8	394.8	394.8	411.8
Egyptian pound (EGP)	15.7	15.7	15.7	15.7
Sth African rand (ZAR)	14.6	14.6	15.1	15.1
UAE dirham (AED)	3.67	3.67	3.67	3.67
Kenyan shilling (KES)	109.2	109.2	110.2	109.8
Jordanian dinar (JOD)	0.71	0.71	0.71	0.71

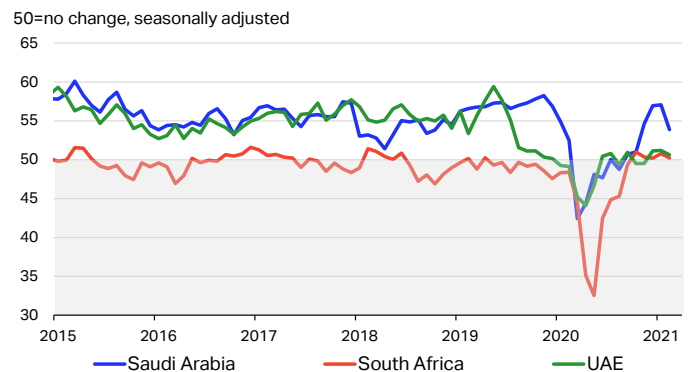
Source: Board of Governors of the Federal Reserve System (US), Eikon Datastream

World oil and jet fuel price

US\$/barrel (period ave.)	2020	Dec-20	Jan-21	Feb-21
Crude oil (Brent)	43.4	50.4	55.2	62.4
Jet fuel	46.3	55.4	59.6	66.9

Source: Platts, Eikon Datastream (monthly average data)

Business confidence - economy-wide PMIs



- The composite PMI above 50 indicates that the economic activity has been improving in the AME region although the growth momentum has softened compared with the previous month across the three key markets that we regularly track.
- The trade-weighted US dollar index rose by 0.5% in February, partly reflecting optimism about the US economic recovery. The NGN was the main mover amongst the key currencies, losing 4.3% vs the US\$ due to the fall in foreign exchange supply.
- Brent Crude oil and jet fuel price picked up for another month amidst improving global economic outlook and OPEC+ supply cuts.

Market

Revenue passenger-kilometers (RPKs)

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

% ch vs. the same period in 2019	2020	Nov-20	Dec-20	Jan-21
Region (registration basis)				
Middle East	-72.2	-84.7	-81.2	-80.7
Africa	-68.8	-74.9	-67.7	-63.9
World	-65.9	-70.4	-69.7	-72.0
Routes (segment basis)				
Middle East - Asia	-73.6	-85.9	-83.7	-81.7
Middle East - Europe	-73.2	-87.0	-79.9	-81.1
Africa - Europe	-68.4	-78.5	-66.8	-68.1
Middle East - Nth America	-71.3	-81.7	-79.5	-76.8
Africa - Middle East	-72.5	-73.7	-70.2	-70.1
Africa - Asia	-80.1	-93.9	-92.5	-93.2

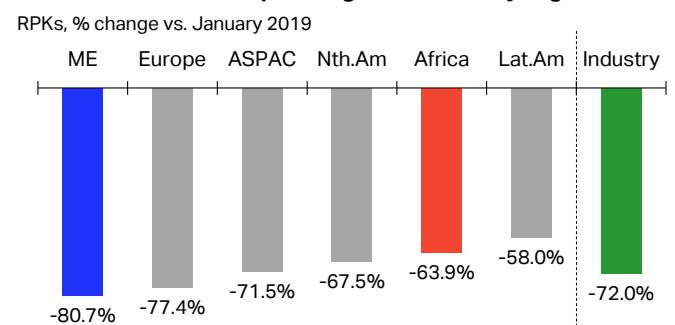
Source: IATA Economics. Note: historical data may be subject to revision

- After several months without any clear improvement, industry-wide revenue passenger-kilometres (RPKs) deteriorated in Jan 2021. They were 72% lower vs. Jan 2019, which represents a more accurate comparison due to the large moves in traffic in early-2020.
- African carriers flew 63.9% less passenger volumes in January 2021 compared with two years ago (Jan 2019) – the second-best performance after Latin America.

The regional airlines have been benefitting from less stringent travel restrictions and lower COVID-19 cases compared with the other markets.

- Carriers based in the Middle East ended the month as the weakest performers with RPKs down 80.7% compared with the pre-crisis period. Their reliance on currently muted long-haul traffic has been hindering faster recovery.

Growth in passenger volumes, by region



Cargo tonne-kilometers (CTKs)

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

% ch vs. the same period in 2019	2020	Nov-20	Dec-20	Jan-21
Region (registration basis)				
Middle East	-9.5	-2.2	2.3	6.0
Africa	1.0	-2.0	5.4	21.1
World	-10.6	-6.1	-0.8	1.1
Routes (segment basis)				
Middle East - Asia	-7.5	2.5	5.7	15.1
Middle East - Europe	-18.1	-12.5	-10.6	-7.6
Africa - Europe	-23.4	-15.1	-12.2	-19.6
Middle East - Nth America	-8.5	4.9	12.3	13.9
Africa - Middle East	-31.5	-29.3	-16.6	-22.0
Africa - Asia	8.6	-4.4	4.0	38.5

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

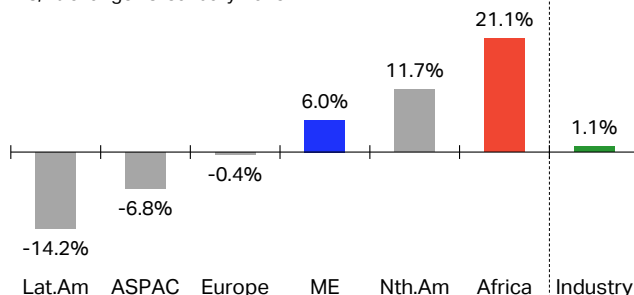
- Air cargo volumes rose sharply for another month and reached levels last seen before the pandemic started. Industry-wide cargo tonne-kilometres (CTKs) were higher by 1.1% vs. the pre-crisis levels (Jan 2019).
- As was the case in the previous month, African carriers topped the CTK growth chart. Their cargo volumes were 21.1% higher compared with the pre-pandemic

levels (Jan 2019) amidst robust performance on Africa-Asia trade lanes (CTKs up 38.5%).

- Middle Eastern carriers also performed well, flying an even 6% more CTKs in January compared with two years ago. Of the region's key int'l routes, ME-Asia and ME-Nth.Am have provided the most significant support (up 15.1% and 13.9% vs. Jan 2019, respectively).

Growth in cargo volumes, by region

CTKs, % change vs. January 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	Nov-20	Dec-20	Jan-21
Passenger					
Middle East	ASK	-63.3	-69.4	-67.1	-65.8
	PLF	57.6	36.7	44.1	42.2
Africa	ASK	-61.0	-62.7	-57.5	-53.0
	PLF	57.4	47.7	54.9	54.4
World	ASK	-56.7	-58.8	-57.1	-58.7
	PLF	65.0	58.1	58.0	54.1
Cargo					
Middle East	ACTK	-20.9	-19.0	-18.2	-17.3
	CLF	53.4	60.3	59.8	56.9
Africa	ACTK	-17.0	-20.0	-19.4	-10.9
	CLF	44.1	49.5	48.7	48.0
World	ACTK	-23.2	-19.1	-17.8	-19.5
	CLF	54.4	57.8	57.2	58.9

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

- New lockdowns stopped recovery in seat capacity over the past two months. Industry-wide available seat-kilometres (ASKs) fell by 4.6% mom and were 58.7% lower vs. Jan 2019. African and ME airlines reported ASKs down 53% & 65.8% vs. the pre-crisis period, respectively.
- Since demand fell faster than supply, the global passenger load factor deteriorated again. It fell by 25.7 pts vs. Jan 2019 to 54.1%, a new all-time low for the month. African carriers saw the PLF at 54.4% & ME airlines at 42.2% - the lowest amongst regions.
- The fall in passenger capacity resulted in renewed pressure on belly cargo capacity. The industry-wide available cargo tonne-kilometres (ACTKs) fell by 5% mom this Jan and were down 19.5% vs. Jan 2019.

African & ME airlines flew 10.9% & 17.3% fewer ACTKs vs. the pre-crisis period, respectively.

- The global CLF reached 58.9%, a record high outcome for any month of January in our time series. African carriers reported the CLF at 48% while ME airlines at 56.9% – both below the industry-average.

Airline operating (EBIT) margins*

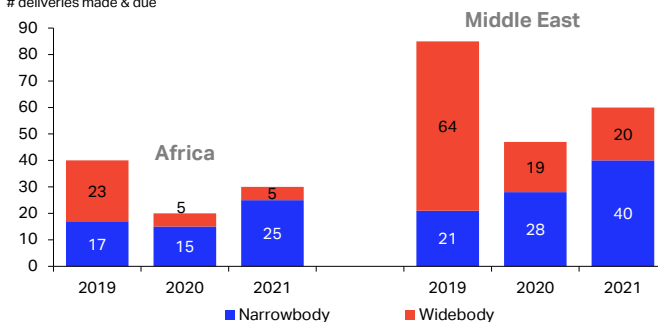
% revenues	2018	2019	2019Q4	2020Q4
Industry	5.7	5.2	7.6	-50

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

- The latest financial results confirm that airlines continued to experience deep losses in Q4 due to stalling passenger recovery. The pressure on revenues will continue in the near term since vaccine rollout has been slow in many countries and some regions are facing new virus waves.
- As of March 2021, aircraft deliveries scheduled by airlines based in Africa and the Middle East are expected to increase vs. 2020 as the pandemic gets under better control. However, they will most likely not reach 2019 levels when the number of deliveries was adversely impacted by Max 737 groundings.

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

deliveries made & due



Source: Ascend