

Economy

GDP growth, selected countries

% change on a yr ago	2019	Q4 2019	Q1 2020	Q2 2020
Saudi Arabia	0.3	-0.3	-1.0	-7.0
Nigeria	2.2	2.5	2.0	-6.0
Egypt	5.0	4.8	4.3	-3.1
South Africa	0.1	-0.6	-0.2	-17.7
UAE	1.7	--	--	--
Kenya	5.4	5.3	5.0	-5.6
Jordan	3.7	4.1	1.3	-3.6
World*	2.5	2.4	-1.7	-9.0

Source: Datastream * Market exchange rate basis

Exchange rates

end of period, # per US\$	2019	Jul-20	Aug-20	Sep-20
US\$ broad index	114.7	117.6	116.1	117.3
Saudi Arabian riyal (SAR)	3.75	3.75	3.75	3.75
Nigerian naira (NGN)	362.9	386.3	385.5	385.5
Egyptian pound (EGP)	16.0	16.0	15.9	15.8
Sth African rand (ZAR)	14.0	17.0	17.0	16.7
UAE dirham (AED)	3.67	3.67	3.67	3.67
Kenyan shilling (KES)	101.4	107.8	108.2	108.5
Jordanian dinar (JOD)	0.71	0.71	0.71	0.71

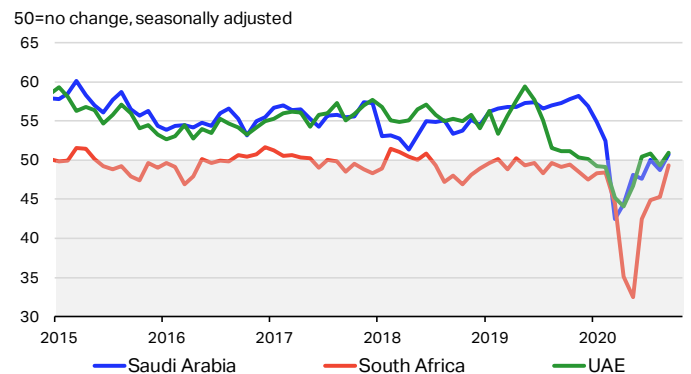
Source: Datastream

World oil and jet fuel price

US\$/barrel (period ave.)	2019	Jul-20	Aug-20	Sep-20
Crude oil (Brent)	64.2	43.3	45.1	41.9
Jet fuel	79.6	45.5	45.4	41.1

Source: Platts, Datastream (monthly average data)

Business confidence - economy-wide PMIs



- The manufacturing PMI rose across the three key economies that we regularly track for the region following the loosening of the COVID-19 restrictions. However, businesses remain cautious about the near-term development of the pandemic.
- The resurgence of COVID-19 and concerns about its impact on the global economy contributed to the rise in the trade-weighted US dollar index (+1%) in Sep. Of the regional currencies, the ZAR gained 1.9% vs. the US\$.
- The average jet and crude oil price fell in September as the second waves of COVID-19 led to pessimism amongst investors about future fuel demand recovery.

Market

Revenue passenger kilometers (RPKs)

% change on a yr ago	2019	Jun-20	Jul-20	Aug-20
Region (registration basis)				
Middle East	2.3	-95.5	-92.6	-91.3
Africa	4.7	-97.6	-93.7	-87.4
World	4.1	-86.3	-79.5	-75.3
Routes (segment basis)				
Middle East - Asia	4.2	-96.9	-93.3	-92.3
Middle East - Europe	4.4	-96.9	-93.7	-92.1
Africa - Europe	4.5	-97.0	-92.9	-87.7
Middle East - Nth America	0.0	-94.5	-90.5	-89.4
Africa - Middle East	-1.6	-98.6	-95.4	-93.8
Africa - Asia	3.5	-98.5	-97.6	-95.1

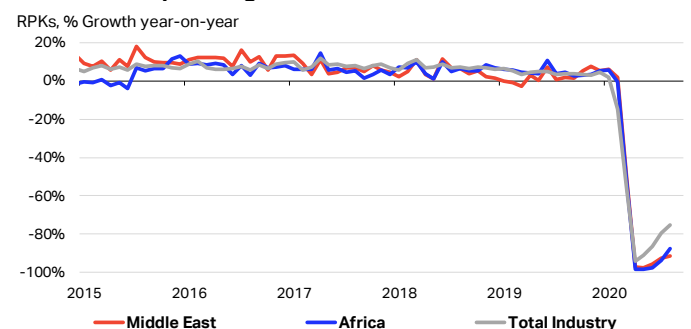
Source: IATA Economics. Note: historical data may be subject to revision

- Industry-wide revenue passenger-kilometres (RPKs) contracted by 75.3% year-on-year in August, compared with a 79.5% decline in July. Domestic markets continued to drive the industry rebound. However, the resurgence of COVID-19 cases has slowed progress in some countries.
- The region's passenger traffic has been recovering only slowly from the adverse impacts of the virus.

Airlines based in the Middle East recorded a 91.3% loss in RPKs compared with a year ago – the weakest performance of all regions. African airlines fared only slightly better, reporting an 87.4% annual contraction in passenger volumes.

- The region's international demand remained subdued for another month. All key routes continued to post contraction close to 90%yoy.

Growth in air passenger volumes



Cargo tonne kilometers (CTKs)

% change on a yr ago	2019	Jun-20	Jul-20	Aug-20
Region (registration basis)				
Middle East	-4.6	-18.9	-15.2	-6.9
Africa	7.4	2.6	-4.0	-0.2
World	-3.2	-16.1	-14.4	-12.6
Routes (segment basis)				
Middle East - Asia	-2.3	-17.5	-14.3	-3.3
Middle East - Europe	-5.2	-26.7	-21.0	-16.4
Africa - Europe	-1.9	-38.2	-31.1	-29.8
Middle East - Nth America	-7.0	-26.3	-10.6	2.3
Africa - Middle East	-6.0	-42.4	-45.3	-37.8
Africa - Asia	12.6	20.1	5.4	16.1

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

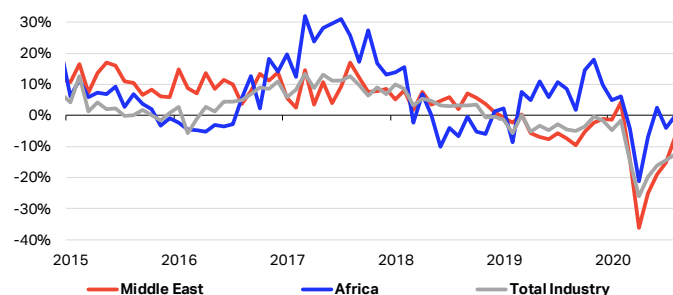
- Industry-wide cargo tonne-kilometres (CTKs) fell by 12.6%yoy in August compared with a 14.4%yoy decline in the previous month. The recovery in cargo volumes has been slower than the rebound in leading economic indicators partly due to insufficient cargo capacity.
- Middle Eastern airlines saw CTKs fall by 6.9%yoy in August, versus 15.2% decline in July. Local airlines have rapidly added capacity after the nadir of the crisis,

which supported region's V-shaped recovery. Trade routes to and from Asia and Nth.Am were resilient this month, with CTKs down 3.3% and up 2.3%yoy, respectively.

- Cargo volumes of African airlines contracted by 0.2%yoy in August, after the same metric was down 4.0% in July. Dynamic investment flows along the Africa-Asia routes continue to drive the regional outcome (+16.1%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	Jun-20	Jul-20	Aug-20
LF: % of ASK/ACTK					
Passenger					
Middle East	ASK	0.1	-90.4	-84.7	-80.8
	PLF	76.2	35.7	39.4	37.2
Africa	ASK	4.5	-93.1	-84.3	-75.5
	PLF	71.8	24.4	29.6	39.0
World	ASK	3.3	-80.2	-69.8	-63.8
	PLF	82.6	58.2	58.2	58.5
Cargo					
Middle East	ACTK	0.8	-26.1	-28.0	-24.3
	CLF	46.7	49.6	53.3	53.5
Africa	ACTK	11.2	-18.0	-33.1	-37.9
	CLF	36.2	42.3	47.6	50.2
World	ACTK	2.1	-32.6	-31.8	-29.4
	CLF	46.8	57.1	56.4	54.8

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

- Industry-wide capacity (ASKs) recovered faster than RPKs. As a result, the global passenger load factor reached an all-time low for August, at 58.5%. At the regional level, the PLF of African and ME airlines fell by 36.6ppts & 44.9ppts vs. August 2019, respectively.
- For cargo, the industry-wide load factor was at a record high this month (54.8%) amidst the lack of belly cargo capacity. African carriers posted the CLF at 50.2% (+19ppts yoy) while ME airlines registered 10ppts increase in CLF, at 53.5%.

Airline operating (EBIT) margins*

% revenues	2018	2019	2019Q2	2020Q2
Africa & Middle East	-3.4	-4.0	7.2	-46
Industry	5.7	5.2	9.7	-71

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

IATA Economics: www.iata.org/economics

- The final sample of Q2 2020 financial results confirmed the severe impact of the pandemic on airlines' businesses. Although cargo revenues improved for some carriers due to a support from lucrative cargo yields, it was not enough to offset the revenue loss on the passenger side.
- 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)

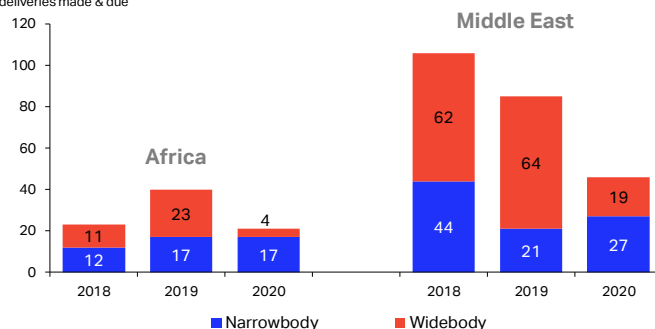
% change on a yr ago	2019	Jun-20	Jul-20	Aug-20
Middle East - Asia	7.3	30.3	51.5	30.8
Middle East - Europe	-5.5	39.5	46.8	49.0
Africa - Europe	-7.0	34.1	29.5	7.1
Middle East - Nth America	3.8	49.0	38.0	24.0
Middle East - Sth America	-6.0	26.8	60.1	40.2
Africa - Middle East	-5.0	58.5	44.7	1.9
Africa - Nth America	-3.1	14.3	0.4	-13.1
Within Middle East	3.0	25.9	15.5	11.0
Within Africa	-8.7	36.5	20.7	19.6

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 October 2020)

deliveries made & due



Source: Ascend

Contact us via email at: economics@iata.org