

Trends Update – Issue 105 (2 June 2009)

Transport and tour operator news

- BA announces a record annual loss of £401m and says that it will cut capacity by 4% this winter, taking 16 aircraft out of service
- BA is to drop its daily New York to Gatwick flight from end October
- Air New Zealand will cut its service from Hong Kong to Heathrow from daily to five per week from October
- VLM to cease flights between Manchester and London City
- From end October BA to fly daily from Las Vegas to London Heathrow
- IATA report air travel declined at an annual rate of 3.1% in April, a far less severe decline than in previous months
- Ryanair made a net loss of £146m in the last financial year, the first time the airline has been in the red
- BAA to appeal against the Competition Commission ruling that it must sell three of its seven UK airports
- Air travel across the North Atlantic from the US to Europe dropped by just 1.8% in April compared with a year earlier

Domestic Economic News

- A weakening dollar means that the pound now costs more than \$1.64 for the first time since last October
- UK consumer confidence remains stable in May
- Eurozone unemployment increases to 9.2% in April

European Economic News

- The Eurozone economy contracted at an annual rate of 4.6% in the first three months of 2009
- Eurozone consumer confidence remains stable in May

US Economic News

- US consumer confidence improves further in May, and is now back to levels seen just before the banking crisis

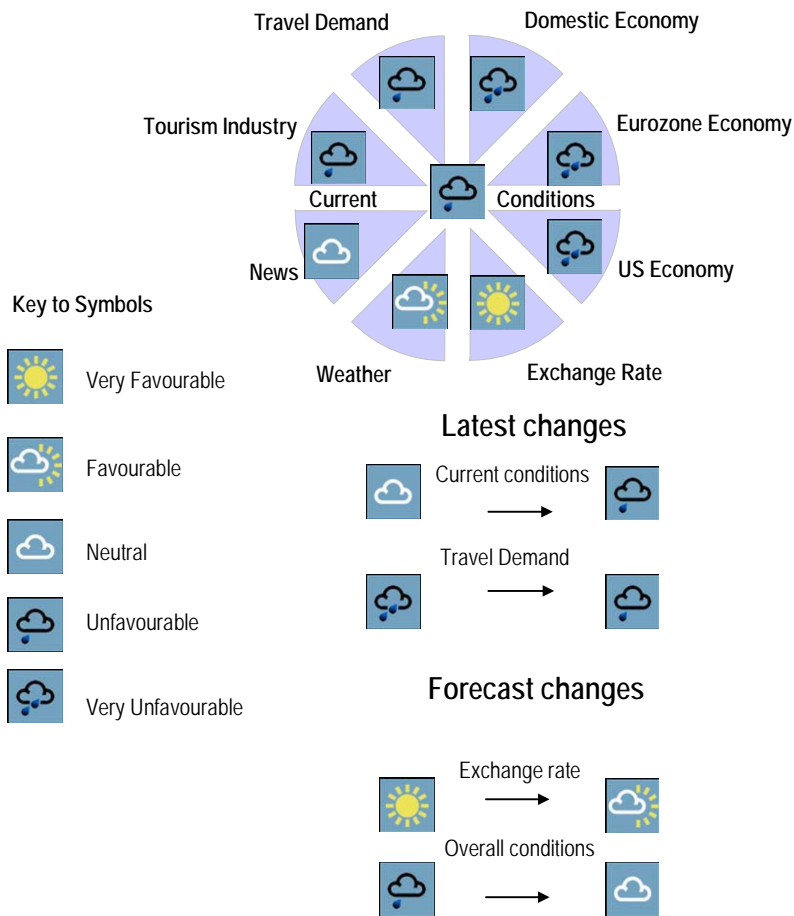
Global Economic News

- Retail sales in Brazil continue to grow, highlighting the fact that Latin America has managed to escape the worst of the global economic downturn
- Hong Kong's economy shrank at an annual rate of 7.8% in the first three months of 2009
- Japan's economy contracted at an annual rate of 15.2% in the first three months of 2009, the worst performance on record
- The price of oil heads upwards, reaching nearly \$70 per barrel, meaning that average petrol prices are now at the £1 per litre mark

Tourism News

- TRI Hospitality Consulting report that hotel occupancy in London chain hotels in London stood at 80.4%, with provincial chain hotels at 67.3%, on a par with previous Easter months, but with leisure visitors making up a larger share of guests than normal room rates in London were 10.2% down on a year ago and 11.2% down in the regions
- According to PKF's survey London hotel occupancy in April stood at 82.5%, up from 81.7% a year earlier, whereas provincial hotel occupancy fell from 73.0% in 2008 to 63.9% this year
- Global Refund report that the value of sales to overseas visitors reclaiming tax increased by a year-on-year 56% in April
- The US Department of Commerce forecast that inbound tourism to the USA will decline by 8% in 2009, with growth of 3% in 2010 and 5% per annum from 2011 to 2013
- According to Donald N Martin and Co. 20 million Americans have acquired a passport for the first time since 2006
- STR Global report hotel occupancy in Mexico dropped 40% in April following the outbreak of swine 'flu

Factors contributing to tourism trends in Britain, June 2009



- Overall conditions remain in the Unfavourable range
- The economic situation looks to have stopped getting worse, but there are no signs of a dramatic improvement
- The pound is starting to gain strength against a number of other currencies
- April weather was favourable and the Met Office hint at a promising summer
- Airport traffic in April picks up according to BAA, though Easter may be a key driver of this
- Hotels report that occupancy levels remain fairly healthy, especially in London, but room rates are having to be cut