

## Trends Update – Issue 107 (26 June 2009)

### Weather

- New Met Office climate change forecasts indicate that UK is likely to see hotter, drier summers and warmer, wetter winters coupled with more frequent extreme weather such as flooding, heatwaves and droughts

### Transport and tour operator news

- IATA report that global demand for air travel fell at an annual rate of 9.3% in May but says that the 'floor may now have been reached'
- BA pilots expected to vote in favour of a pay cut and additional working hours in exchange for shares in the company
- A Slovakian court gives SkyEurope a 9 month period of protection from its creditors for the airline to reorganise its activities in order to be more attractive to investors
- Luton Airport confirms it will introduce a £1 charge for drivers who are either dropping off or picking up friends or relatives from July
- Lufthansa increases its fuel surcharge on flights to/from the UK by €3 in light of rising oil prices
- From September Delta to suspend flights from Cincinnati to Gatwick and from New York to Edinburgh
- From end October BA will suspend flights to Gatwick from Alicante, Krakow, Malta and Palma
- Germanwings to fly five times per week from Cologne/Bonn to Manchester
- Eurostar reports that it has seen a 38% increase in numbers travelling from Germany to the UK and a 34% increase in travel from cities in Holland

### Domestic Economic News

- UK consumer price inflation falls less than expected in May, helping to sustain the pound's rally against other currencies
- UK unemployment increased to 7.2% of the workforce in the three months to April
- UK retail sales fell at an annual rate of 1.6% in May indicating that consumers are still being very cautious about spending
- The OECD warns that the UK economy will shrink by 4.3% in 2009 and see zero growth in 2010, an assessment far more pessimistic than that of the UK government

### European Economic News

- Facing a 20% contraction in GDP the Latvian authorities are forced to prop up its currency in order to maintain its peg to the Euro

### US Economic News

- The US central bank believes that the pace of economic contraction in the US is easing but that the economy will remain weak for sometime

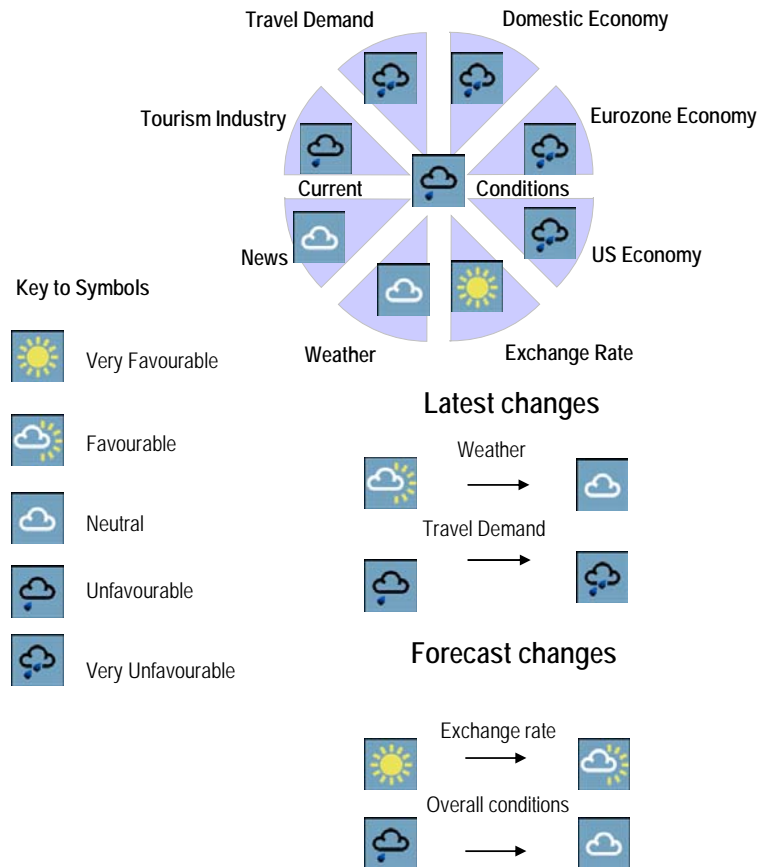
### Global Economic News

- The World Bank forecast that developing economies will grow by just 1.2% this year, rather more pessimistic than many analysts were expecting
- New Zealand's economy shrank for the fifth consecutive quarter in the three months to March 2009, making it the longest recession in the country's history
- Japanese consumer price inflation fell at an annual rate of 1.1% in May leading to concerns that deflation may again plague the economy
- Crude oil has increased in price by 30% in the past month, driven on by more optimistic economic data and ongoing terrorist attacks in Nigeria

### Tourism News

- Global Refund report a 37% year-on-year rise in sales to overseas visitors to the UK able to reclaim tax during May
- Boeing again postpones the first test flight of its 787 aircraft and Qantas cancels its order for 15 of the planes
- London's Savoy Hotel will not now reopen until the first quarter of 2010
- According to TRI Hospitality Consulting chain hotel occupancy in London stood at 81.3% in May, down from 82.7% a year ago, with provincial hotel occupancy at 70.2% down from 73.7% in 2008

## 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
- Despite the recent increase in the pandemic alert level, at this stage the 'News' segment continues to be assessed as 'neutral'
- Airport traffic continued to decline in May according to BAA pushing the 'Travel Demand' segment back to 'very unfavourable'