

Trends Update – Issue 53 (22 January 2007)

Weather

- Hundreds of flights cancelled and major disruption to ferry crossings, road and rail transport due to severe gales

Transport and tour operator news

- BA makes a small reduction in its fuel surcharge applicable to 'shorter' long-haul routes with flight time of less than 9 hours
- BA cabin crew set to strike between 29th and 31st January, with further 3-day strikes planned for February
- SAS to operate twice-weekly flights from Stockholm to Bristol from the end of June
- From September Emirates will operate a daily flight from Dubai to Newcastle
- bmi to introduce daily flights from Zurich to Edinburgh, Kristiansand to Aberdeen and from Copenhagen to Leeds Bradford from end of March
- bmi to suspend flights from Paris to both Leeds Bradford and Heathrow from 25 March
- easyJet to scrap its Geneva to Belfast International route this summer
- VLM to reduce flight frequencies on the London City to Liverpool route
- The Cork to Swansea ferry service is unlikely to operate in 2007 as the company cannot find a replacement vessel for its current ship
- Eurostar carried 8.2% more passengers in the final three months of 2006 than during the same period 2005
- UKinbound report visitor arrivals up 7.9% in November compared with 2005, forward bookings up 3.9%

Domestic Economic News

- UK interest rates increased to 5.25%
- UK consumer price inflation reaches 3.0%, an eleven year high
- UK unemployment shows a slight fall in the three months to November 2006
- Strong December UK retail sales figures provide further evidence that base rates may rise further in the coming months

European Economic News

- The German economy grew at its fastest pace in six years in 2006, with GDP up 2.5%
- Eurozone interest rates pegged at 3.5%
- The Euro weakens against Sterling, now trading at €1.52 to the pound

US Economic News

- The US Federal Reserve warns that US economic growth will be threatened unless the benefits system is reformed in the near future

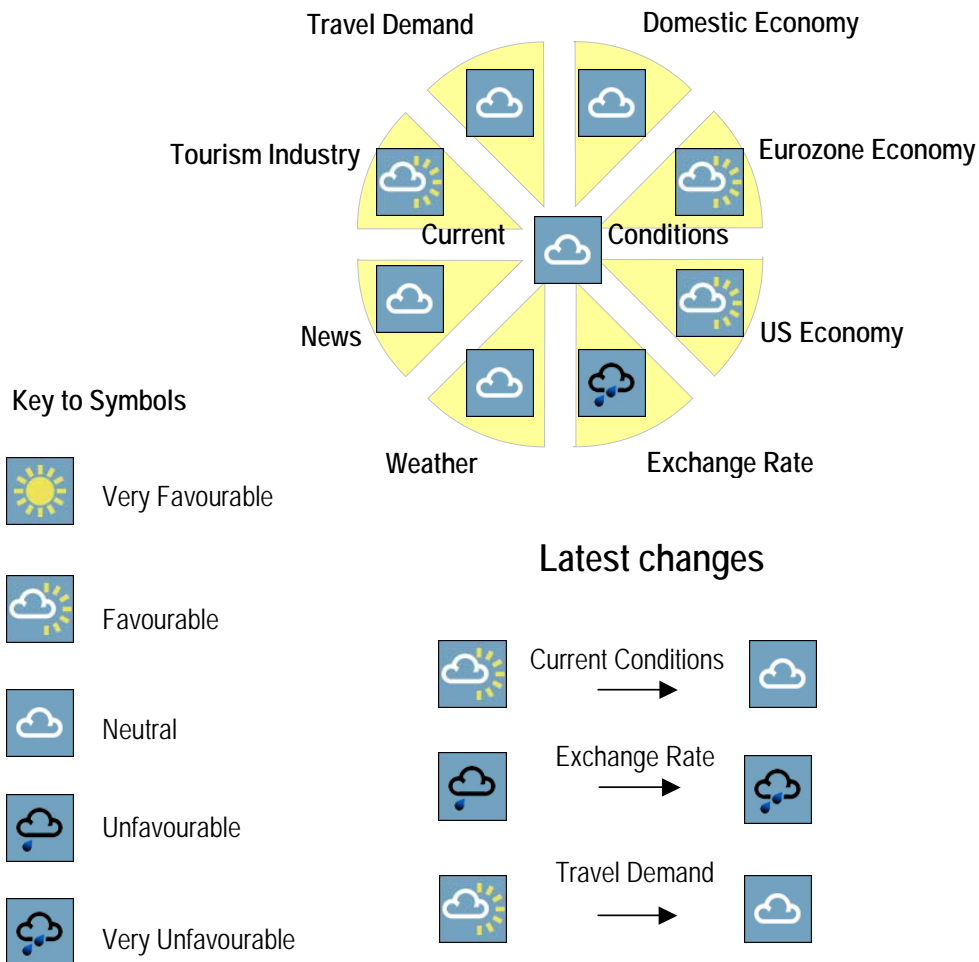
Global Economic News

- Thailand cuts its key interest rate in order to boost economic growth and restore investor confidence

Tourism News

- Global Refund report sales to overseas visitors able to reclaim tax were up by 14% in December compared with a year earlier
- Stricken cargo ship MSC Napoli poses a pollution threat to the East Devon coastline

Factors Contributing to Current Tourism Trends in Britain January 2007



- Overall conditions are now assessed as Neutral
- December's weather will be remembered for the thick fog during the run-up to Christmas, but rainfall was exceptionally above average
- With the Yen and US dollar weakening against Sterling late in December the overall exchange rate situation is now judged as 'Very Unfavourable'
- The UK economy segment has slipped into the Neutral range following a dip in consumer confidence
- Eurozone unemployment continues to decline slowly
- The Tourism Industry remains in the 'Favourable' range thanks to strong figures from UKinbound
- Travel Demand moves into the Neutral range following weaker growth in air travel in December