

## Trends Update – Issue 56 (9 March 2007)

### Weather

- UK weather in February was characterised by exceptionally above average temperatures and rainfall, with sunshine totals close to their seasonal average
- The Met Office forecast that there is a 70% chance that spring (March to May) will bring above average temperatures across the UK, with a slight probability that rainfall totals will be above average

### Transport and tour operator news

- Tour operators launch a legal challenge to Air Passenger Duty
- Strike action by signal workers in Scotland disrupts rail services between 5<sup>th</sup>-7<sup>th</sup> of March
- In February BAA's 7 airports handled 3.5% fewer domestic passengers than last year, 1.9% more passengers on European scheduled flights, 0.9% fewer on North Atlantic flights and 6.3% more on other long-haul routes
- easyJet will operate four flights per week from Dortmund to Edinburgh from end May
- easyJet to operate daily flights from Milan to Bristol from late April
- bmi to launch six flights per week between Lille and Leeds Bradford from April
- Swedish budget airline FlyMe collapses, leading to the suspension of its flights, including those from Gothenburg to Stansted
- Flybe completes its purchase of BA Connect, 14 former routes will be axed and the airline is to close all routes to Bristol with the exception of that from Jersey
- Flybe does plan many entirely new routes over the next 3 months including Guernsey, Bergerac, Limoges and Le Rochelle to Manchester, Paris, Isle of Man and Frankfurt to Southampton, Bergerac to Gatwick, Paris to Cardiff, Rennes to Edinburgh and finally Guernsey to Norwich
- Low cost carrier Norwegian to introduce four flights per week between Warsaw and Birmingham from May
- easyJet to operate daily flights from Krakow to Gatwick from October
- From June Ryanair will operate three flights per week from Maribor (Slovenia) to Stansted

### Domestic Economic News

- The International Monetary Fund ups its economic growth forecast for the UK in 2007 to 2.9%
- UK base rates left unchanged in March

### European Economic News

- Following the introduction of higher rates of VAT German retail sales fell by their largest margin for more than eight years in January
- European Central Bank increases Eurozone base rates by ¼ percentage point to 3.75%

### US Economic News

- US consumer confidence picks up in February and is now at its highest level for five and a half years
- New figures suggest the US economy grew by 2.2% in the final three months of 2006, well down on earlier estimates of 3.5%

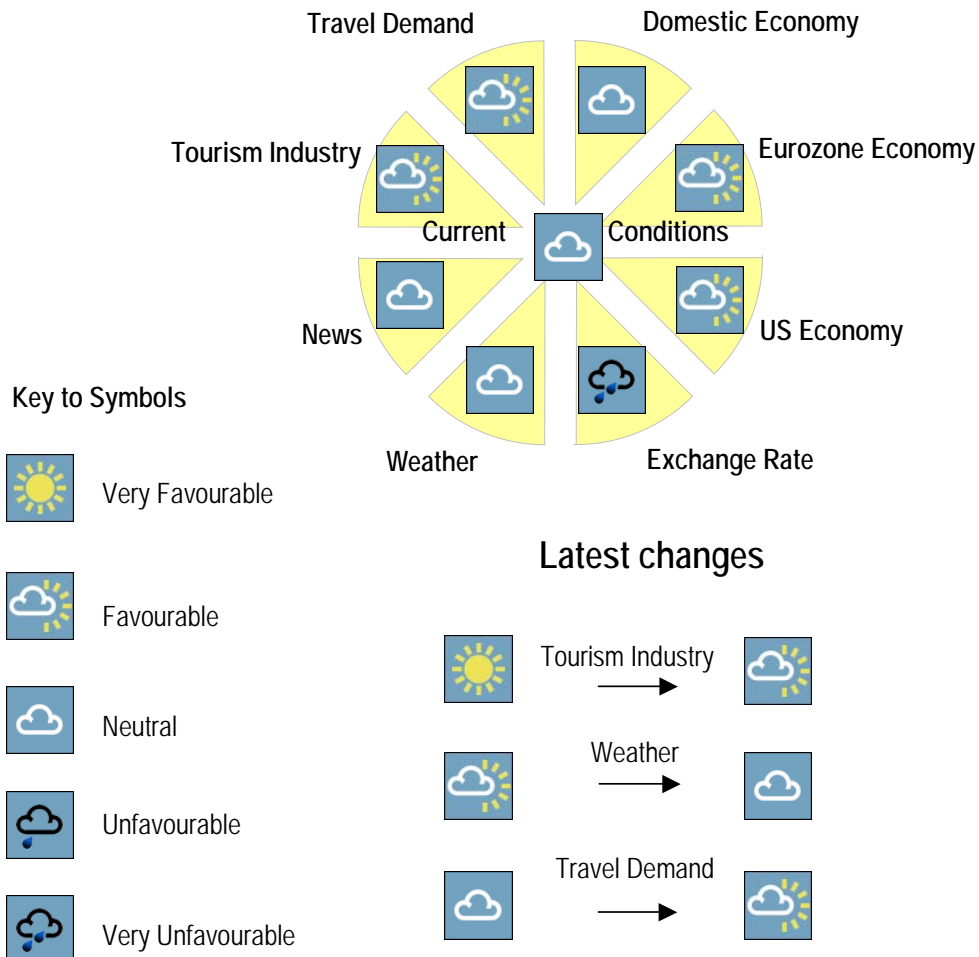
### Global Economic News

- Global stock markets record sharp falls due to possible capital gains tax on stock market earnings being introduced in China, but subsequently rebound

### Tourism News

- New figures show that the total value of tourism to the UK economy in 2005 was £85bn
- UK Government announces new visa fees (including any outsourcing charge) from 1 April: visitor visa up from £50 to £63, student visa up from £85 to £99 and work permit visa up from £85 to £200
- The EU and US reach a tentative agreement on 'Open Skies' which could come into force by late October
- The national minimum wage is to rise by 17p, about 3%, from £5.35 to £5.52 an hour from October
- PKF figures for January show London hotel occupancy at 71.6%, up from 68.5% a year earlier, with provincial hotels also enjoying occupancy increases, up from 58.7% in January 2006 to 60.0% this year
- Legoland owner Merlin Entertainment buys the Tussauds Group in a £1bn deal
- Lao People's Democratic Republic reports its first human death from avian flu
- Boeing is to start production of the first 787 Dreamliner plane in the coming weeks, with the first commercial delivery expected mid 2008

## Factors Contributing to Current Tourism Trends in Britain March 2007



- Overall conditions are assessed as Neutral
- Exceptionally above average temperatures in February were counterbalanced by exceptionally above average rainfall
- The Pound weakened as stock market volatility spilled over into currency markets, but overall the Exchange Rate is still assessed as 'Very Unfavourable'
- The UK economy segment has slipped into the Neutral range following a dip in consumer confidence
- Growth in VisitBritain enquiries is one factor that has ensured the Tourism Industry segment remains in the 'Favourable' zone
- With potentially good news on a provisional EU/US 'Open Skies' agreement and bad news on government plans to increase visa fees the overall 'News' segment is still assessed as 'Neutral'