

Trends Update – Issue 62 (11 June 2007)

Weather

- May brought close to average amounts of sunshine, above average temperatures, but exceptionally above average rainfall, it was the wettest May since 1967

Transport and tour operator news

- UKInbound figures for April show arrivals up 4.5% compared with a year ago and forward bookings 1.2% higher
- From 13 June BA increases its long-haul fuel surcharge to £76 per return journey for flights under nine hours and to £86 per return journey for flights over nine hours
- BA carried 0.8% fewer passengers in May than a year earlier, with volumes to/from the Americas down 4.5%
- SAS will introduce double-daily weekday flights from Oslo to London City from late August
- Disruption to SAS flights from Sweden due to industrial action
- Lack of demand has resulted in VLM suspending its London City to Liverpool flights from 1st July
- City of Derry Airport closed over the Bank Holiday weekend due to safety concerns
- Air Italy commences double-daily flights from Verona to Stansted
- From November Ryanair will fly Shannon to Birmingham (daily), Leeds Bradford (3 weekly) and Luton (daily)
- Wizz Air to launch three flights per week from Katowice to Prestwick from early September
- Northwest Airlines and KLM may operate Trans-Atlantic flights into Heathrow out of the US from next year on a code-share basis, as may Air France with Delta, although this would be at the expense of existing flights from Holland and France into Heathrow
- Revised figures show the Japanese economy to have grown at an annualised rate of 3.3% in the first three months of 2007

Domestic Economic News

- UK consumer confidence stages a recovery in April despite the prospect of higher interest rates

European Economic News

- Eurozone unemployment falls to 7.1% in April
- Eurozone consumer confidence rises sharply in May
- Eurozone interest rates increased to 4.0%, their highest level for six years

US Economic News

- US consumer confidence records a small rise in May
- US economic growth in the first quarter of 2007 is at its slowest for four years
- US unemployment remains steady at 4.5% in May

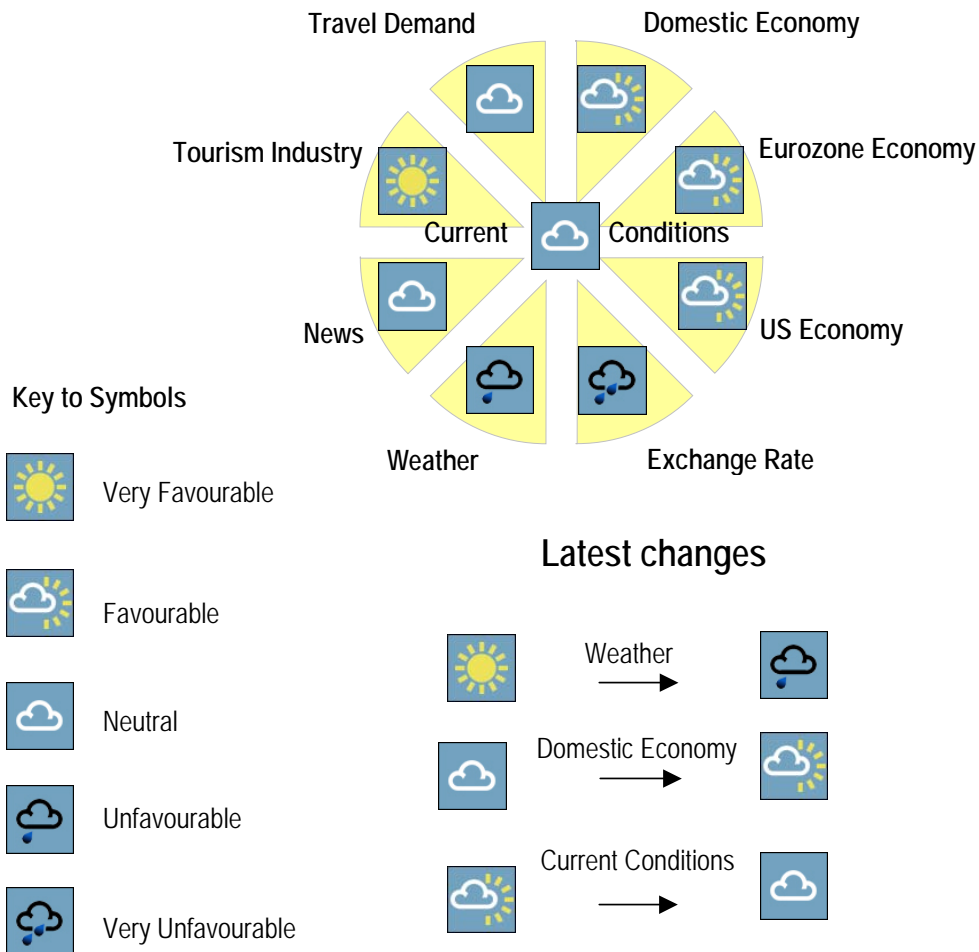
Global Economic News

- The Indian economy grew 9.1% in the first three months of 2007
- The OECD forecast that statutory pensions across its member states will, on average, be 22% lower by 2040 than in 2004
- According to the Centre for Economic and Business Research 40% of the world's potential labour force can now be found in either India or China

Tourism News

- Approval given for the 'Heathrow East' development which will see a new 'eco-friendly' terminal replace the existing Terminal 1 and Terminal 2 buildings
- According to TRI Hospitality Consulting London chain hotel occupancy in April stood at 79.7% compared with 82.0% a year earlier, with occupancy in provincial chain hotels down from 70.6% last year to 67.8% this April

Factors Contributing to Current Tourism Trends in Britain June 2007



- Overall conditions remain in the Neutral range
- Less clement weather in May have moved this segment into the 'Unfavourable' range
- Sterling continues to trade at close to \$2 and 240 Yen to the Pound, meaning that the Exchange Rate is still judged as Very Unfavourable
- Improved UK consumer confidence has moved the UK economy back into the 'Favourable' range
- Of note in the Tourism Industry segment is continued strong chain hotel occupancy rates
- Travel Demand continues to see slower growth in air traffic and has now fallen back into the Neutral range