

Trends Update – Issue 64 (9 July 2007)

Weather

- Sever flooding and disruption again in parts of central and northern England
- June weather across the UK brought the highest rainfall totals since records began in 1914, with sunshine totals below average (dullest since 1998), and temperatures that were above average

Transport and tour operator news

- Around 300 flights cancelled due to the temporary closures of Glasgow and Liverpool airports
- Private vehicles restricted from approaching a number of airports
- A security alert at Heathrow Terminal 4 results in the cancellation of around 100 flights
- The EU adds to the number of airlines banned from its airspace, including all Indonesian airlines
- Luton Airport withdraws plans for a replacement full length runway
- Angola bans British Airways from flying from Angola in retaliation for an EU ban on an Angolan airline
- BA carried 1.4% fewer passengers in June than was the case twelve months ago
- Jet2.com to cease flying Barcelona to Manchester from early September
- Eastern Airways to operate double-daily flights from Stavanger to Aberdeen from mid August
- SkySouth to introduce double-daily flights from Paris (Pontoise-Cormeilles) to Brighton from August
- BA confirm that Dallas Fort Worth and Houston flights will transfer from Gatwick to Heathrow on March 30th
- From September Manx2 will offer double daily flights between the Isle of Man and Gloucester
- From late October flybe will operate new services from Brussels and Avignon to Southampton, Isle of Man to Luton, Paris Charles de Gaulle to Cardiff and from Geneva to Newquay
- From February 2008 Wizz Air will operate 5 flights per week from Wroclaw to Luton and 2 flights per week from Wroclaw to Doncaster Sheffield
- Flyglobespan to suspend its New York to Liverpool service in October due to lack of demand
- Jetstream Express suspends its flights from Belfast to Blackpool due to poor bookings
- From late July Whoosh to operate three flights per week from Birmingham to Newquay
- American Airlines to operate a daily New York to Stansted flight from late October
- The number of long-distance rail journeys between January and March was 8.2% lower than in the same period of 2006 - the West Coast Main Line derailment in Cumbria is a key factor behind the downward trend

Domestic Economic News

- The UK economy grew at an annual rate of 3% in the first quarter of 2007
- A modest improvement in UK consumer confidence takes place in June
- As expected the Bank of England increased base rates to 5.75%

European Economic News

- Unemployment in France falls to 8.1%, one of the highest rates in Europe, but the lowest in France for 25 years
- Eurozone consumer confidence in June remains steady
- Eurozone unemployment falls to 7.0% in May
- European Central Bank leaves Eurozone base rates at 4.0%

US Economic News

- US consumer confidence in June at its lowest since August last year
- The US Federal Reserve keep base rates steady at 5.25%
- Sales of existing US homes fell to their lowest level since September 2001 during May

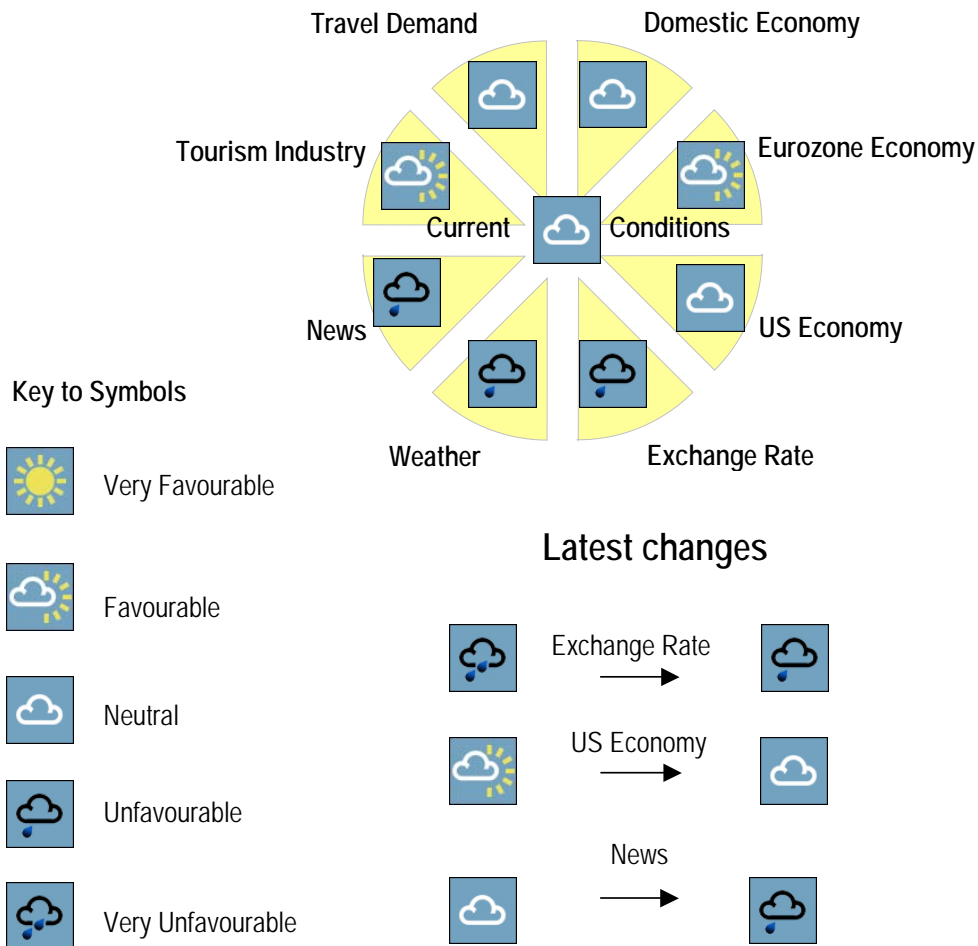
Global Economic News

- Fears of further violence in the oil producing region of Nigeria, resulting in oil trading at \$76 per barrel

Tourism News

- UNWTO data show the UK remained the sixth most visited destination by international tourists in 2006, and slipped from fifth to sixth place in the league table for international tourist receipts
- Figures from PKF reveal that in May chain hotel occupancy stood at 80.7% in London, down from 82.3% in May 2006, whereas provincial chain hotel occupancy remained steady at 74.9%
- Ban on smoking in enclosed public spaces comes into force in England
- New passport scanners introduced by the UK Government's Border and Immigration Agency likely to increase the time it takes to process arriving passengers
- Car bombs defused in London's West End and attempted bombing of Glasgow Airport

Factors Contributing to Current Tourism Trends in Britain July 2007



- Overall conditions remain in the Neutral range
- The combination of significant disruption due to flooding and attempted terrorist attacks has resulted in the News segment moving into the Unfavourable range
- Continued poor weather in June means that the Weather segment remains in the Unfavourable range
- Sterling continues to trade at close to \$2 and 248 Yen to the Pound, meaning that the Exchange Rate is still judged as Unfavourable
- A further increase in UK base rates has moved the UK economy segment into the Neutral range
- Slower growth in UK Inbound forward bookings means that the Tourism Industry segment has moved back into the Favourable range
- A decline in long distance rail travel ensure that the Travel Demand segment remains in the Neutral range