

## Trends Update – Issue 77 (13 March 2008)

### Weather

- The Met Office forecast that spring will be cooler than last year (although temperatures should still be close to the long term average), with precipitation likely to be either close to, or below average
- February weather across the UK brought exceptionally above average temperatures and sunshine totals (the sunniest February on record) with close to average rainfall totals

### Transport and tour operator news

- Gales cause disruption to all forms of transport to, from, and within the UK on two separate occasions within a three day period
- SeaFrance sailings from Calais to Dover disrupted by industrial action in France
- BAA's seven airports handled 0.5% fewer passengers during the first 28 days of February this year compared with 2007, and on a 28-day comparison basis there were: 3.7% fewer domestic passengers, 0.1% more European passengers on scheduled routes, 1.1% fewer on North Atlantic routes and 1.0% more on other long-haul routes
- Singapore Airlines should be flying an A380 into London Heathrow on a daily basis from 18<sup>th</sup> March, with Emirates announcing plans to operate the double-deck aircraft from Dubai to Heathrow from 1<sup>st</sup> December
- Virgin Atlantic indicate that they do not foresee the upcoming Open Skies deal will significantly reduce fares between the US and UK
- BA carried 6.5% more passengers in February 2008 than a year earlier, but figures are impacted by the threat of strike action in February 2007 and February having one extra day this year
- From mid April American Airlines will move all its flights from Gatwick to Heathrow
- From September Ryanair will fly to Edinburgh (weekly frequency in parenthesis) from Berlin (4), Billund (3), Bournemouth (13), Bratislava (4), Krakow (3), Lodz (2), Malaga (4), Poznan (3), Stockholm (4), Wroclaw (2)

### Domestic Economic News

- The minimum wage will increase by 3.8% from October to £5.73 an hour
- The Bank of England keeps UK base rates at 5.25% in March
- UK consumer confidence declines further in February
- The government now expect economic growth of 2% this year, down from the forecast of 2.75% made twelve months ago

### European Economic News

- Eurozone unemployment falls to 7.1% in January
- European Central Bank keeps Eurozone base rates steady
- Eurozone consumer confidence declines in February

### US Economic News

- US consumer confidence declines dramatically in February to its lowest level for nearly fifteen years
- US GDP grew at an annual rate of just 0.6% in the final three months of 2007
- US housing repossessions continue to increase in number
- Worries about the US economy cause further falls in the value of the US dollar, now trading at record lows against the Euro and \$2.03 against sterling
- In the year to February virtually no new jobs were created within the US economy

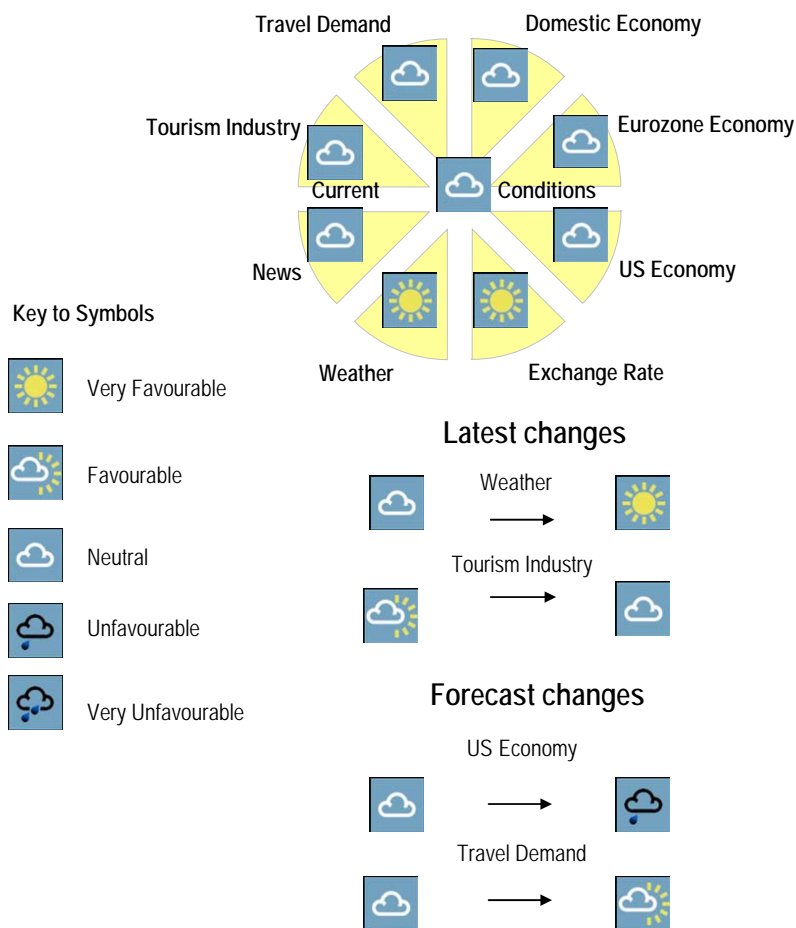
### Global Economic News

- The Australian Central Bank increases base rates to 7.25%, the highest for 12 years
- Inflation in China continues to increase sharply
- Price of oil touches \$110 per barrel, with sharp increases also seen in global food prices

### Tourism News

- Plane Duty, which is due to replace Air Passenger Duty from November 2009, will increase by 10% in its second full year of operation according to the Chancellor
- The CAA has announced that Heathrow's charges over five years from 1<sup>st</sup> April 2008 will rise by 23.5 per cent above inflation in year one and by 7.5 per cent above inflation thereafter, for Gatwick the equivalent (above inflation) increases are 21% and 2% respectively
- According to PKF hotel room occupancy in both London and the regions was 1% lower in January this year than twelve months earlier
- Sales to overseas visitors reclaiming tax increased at an annual rate of 11% in February according to Global Refund

## Factors contributing to tourism trends in Britain, March 2008



- Overall conditions remain in the Neutral range
- Met Office figures indicate that February weather was very favourable for the time of year
- The exchange rate is now judged to be very favourable, with visitors from Eurozone markets benefiting from the Euro having strengthened against Sterling, but there are signs of further US dollar weakening
- January was another good month for hotel occupancy according to PKF, but the Tourism Industry segment has slipped back into the Neutral range, with UKinbound reporting weak figures
- The economic outlook continues to deteriorate, especially in the UK and US
- Eurostar enjoyed strong passenger growth in the final quarter of 2007, but the number of car journeys in Great Britain declined