

Trends Update – Issue 78 (31 March 2008)

Weather

- Many parts of the UK see snowfall over the Easter weekend

Transport and tour operator news

- The opening of Terminal 5 reveals problems with baggage handling processes and procedures resulting in the cancellation of around 300 flights during the Terminal's first five days of operation
- BA pilots announce that they have withdrawn the threat of strike action
- The Port of Dover handled 1.9% more passengers in February than a year earlier, but this represents a slight decline once the Leap Year Day is taken account of
- The number of long distance rail journeys undertaken in the period October to December 2007 was 0.4% down on a year earlier, but the severe disruption to West Coast services over Christmas and New Year will be a key factor

Domestic Economic News

- The CBI now say that consumer spending will slow, meaning economic growth in the UK of 1.8% in 2008 and 1.7% in 2009 – the organisation expects consumer prices to be rising at an annual rate of 3.2% by the summer
- The CBI has also indicated that it believes up to 10,000 finance sector jobs may be lost during the next three months
- Lehman Brothers believe that there is a one-in-three chance of the UK going into recession during the next two years
- UK consumer price inflation increases to an annual rate of 2.5%

European Economic News

- German business confidence remains strong

US Economic News

- US Federal Reserve cuts US base rates by a further 0.75% to 2.25%
- US consumer confidence falls sharply yet again in March to stand at a five year low

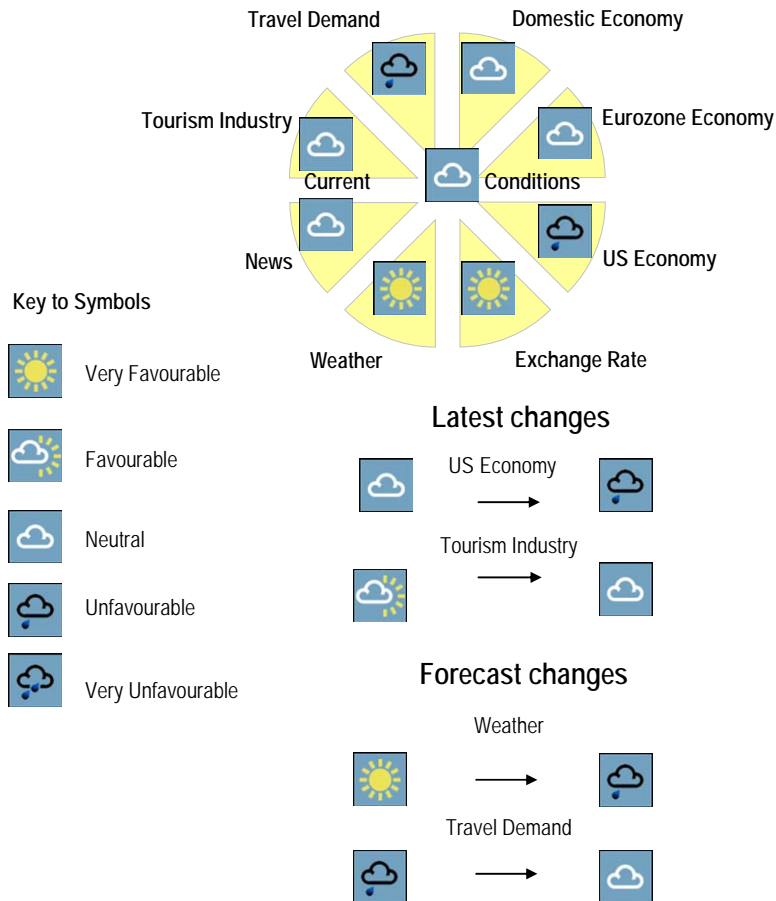
Global Economic News

- Oil remains at over \$106 per barrel, and other commodity prices continue to rise, with more Asian nations restricting the export of rice

Tourism News

- The EU/US Open Skies Agreement is now operational

Factors contributing to tourism trends in Britain, March 2008



- Overall conditions remain in the Neutral range
- Despite the extensive coverage of operational problems at Terminal 5 overall the News segment remains 'neutral'
- 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
- Both long-distance rail travel and the number of car journeys in Great Britain declined during the final three months of 2007