

## Trends Update – Issue 80 (25 April 2008)

### Transport and tour operator news

- easyJet and Ryanair announce they will withhold part of the additional landing fee currently being imposed by BAA
- easyJet suggests that persistent high fuel costs will lead to a significant decline in the number of low-cost carriers in Europe
- Flybe to suspend flights to Norwich from both Paris and Glasgow
- Eastern Airways to introduce daily flights (Monday-Friday only) from Stavanger to Newcastle from 12<sup>th</sup> May
- Virgin Atlantic to add a second daily flight from Washington DC to Heathrow throughout the summer
- From September Iceland Express will fly five times per week from Reykjavik to Gatwick
- In October BA will drop its daily New York JFK to Manchester service, but operate a daily flight from JFK to Gatwick, in addition daily flights from both Oporto and Valencia to Gatwick will be introduced
- From mid May FlyLAL will operate twice weekly flights from the Lithuania city of Palanga to Stansted
- From 1<sup>st</sup> June BA will fly three times per day from Dublin to London City, and increase frequencies from both Edinburgh and Nice to the Docklands airport
- From 21<sup>st</sup> June clickair will fly three times per week from Vigo (Spain) to Gatwick

### Domestic Economic News

- UK unemployment recorded a small fall in the three months to March
- The average UK family is now paying £15 more per week for groceries than a year ago, squeezing the amount of income available for leisure purposes, including tourism activity

### European Economic News

- In response to the weakness of the US dollar to the Euro, Airbus is looking to shift some production to dollar-zone countries, and is upping the list price of its single aisle aircraft by \$2m, and twin-aisle planes by \$4m
- German business confidence drops in April as worries about the US economic situation spread

### US Economic News

- The Federal Reserve says that the US economic situation has worsened noticeably in the past six weeks

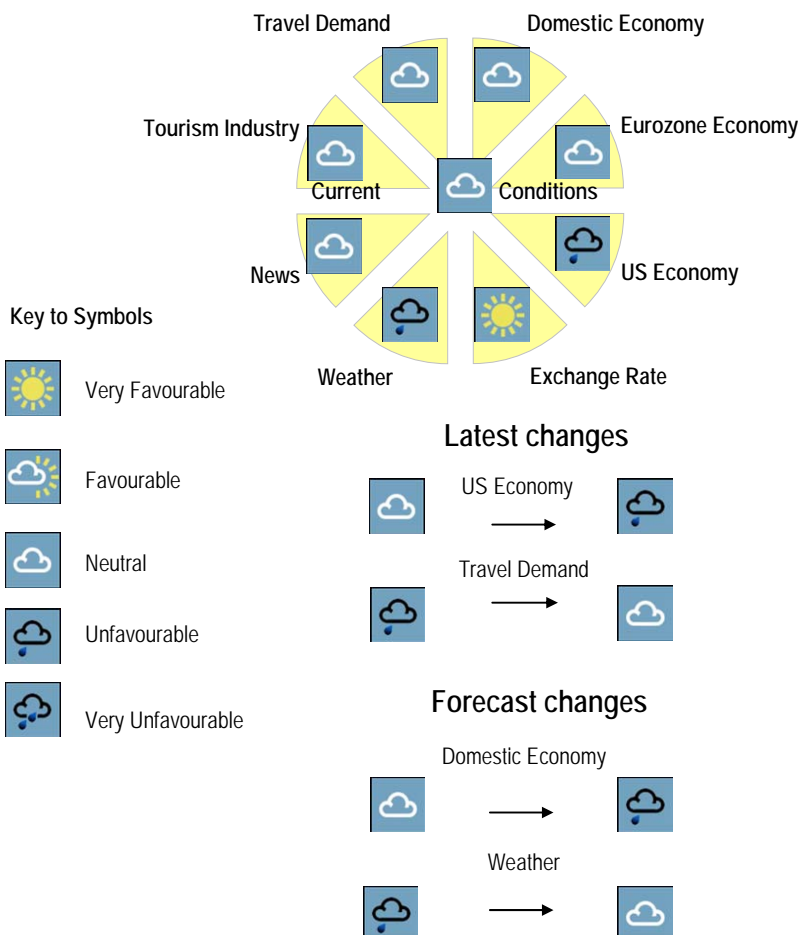
### Global Economic News

- Price of oil passes \$118 per barrel
- Japanese exports declined sharply in the first three months of 2008, and business confidence is at a four year low

### Tourism News

- According to Global Refund sales to overseas visitors reclaiming tax increased at an annual rate of 7% in March
- The Scottish government rejects plans for a 181 turbine wind farm on Lewis
- Although a full report is not due until August the Competition Commission hints that its inquiry into BAA will call for the sale of one or more of its seven airports

## Factors contributing to tourism trends in Britain, April 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
- February 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 US, but recent labour market data for the UK indicate that unemployment remains stable
- A good March for the Port of Dover, and strong first three months of 2008 for Eurostar has moved the Travel Demand segment back into the 'Neutral' range