

## Trends Update – Issue 81 (8 May 2008)

### Weather

- Met Office figures show that April weather across the UK was typified by close to average temperatures and amounts of sunshine, with above average rainfall

### Transport and tour operator news

- UK inbound report visitor arrivals in February to be 1.4% up on a year ago, but forward bookings declined by an annual rate of 2.5%
- According to the Civil Aviation Authority international air passenger traffic to/from the UK increased by 7.2% in February compared with last year, however if 29<sup>th</sup> February is ignored growth would be a more modest 4%
- BA carried 7.9% fewer passengers in April than a year earlier, the timing of Easter and operational difficulties following the opening of T5 are key factors behind the fall
- East Midlands airport reported a 15.2% annual rise in passenger numbers during the first three months of 2008
- British Airways says that it is exploring opportunities for cooperation with American Airlines and Continental Airlines
- Surcharges on BA's short-haul services rise by £3 to £13 each way from 2<sup>nd</sup> May, by £10 to £63 each way on long-haul flights of less than nine hours, and by £15 to £79 each way on all longer flights
- The all-business-class airline Eos goes bankrupt and suspends flights from New York to Stansted
- easyJet will offer four flights per week from Alicante to Manchester from autumn 2008
- The South African carrier Nationwide Airlines ceases all operations
- Wizz Air suspends its thrice-weekly Gdansk to Coventry route

### Domestic Economic News

- UK GDP grew at an annual rate of 2.5% in the first three months of 2008
- UK consumer confidence declines sharply in April
- UK interest rates kept steady at 5.0% in May

### European Economic News

- Eurozone unemployment remains steady at 7.1% of the labour force in March
- Eurozone interest rates kept at 4.0% in May

### US Economic News

- US consumer confidence declined yet again in April
- The US economy grew at an annual rate of 0.6% in the first three months of 2008, slightly up on expectation
- US interest rates cut to 2.0% by the Federal Reserve
- US unemployment recorded a slight fall in April

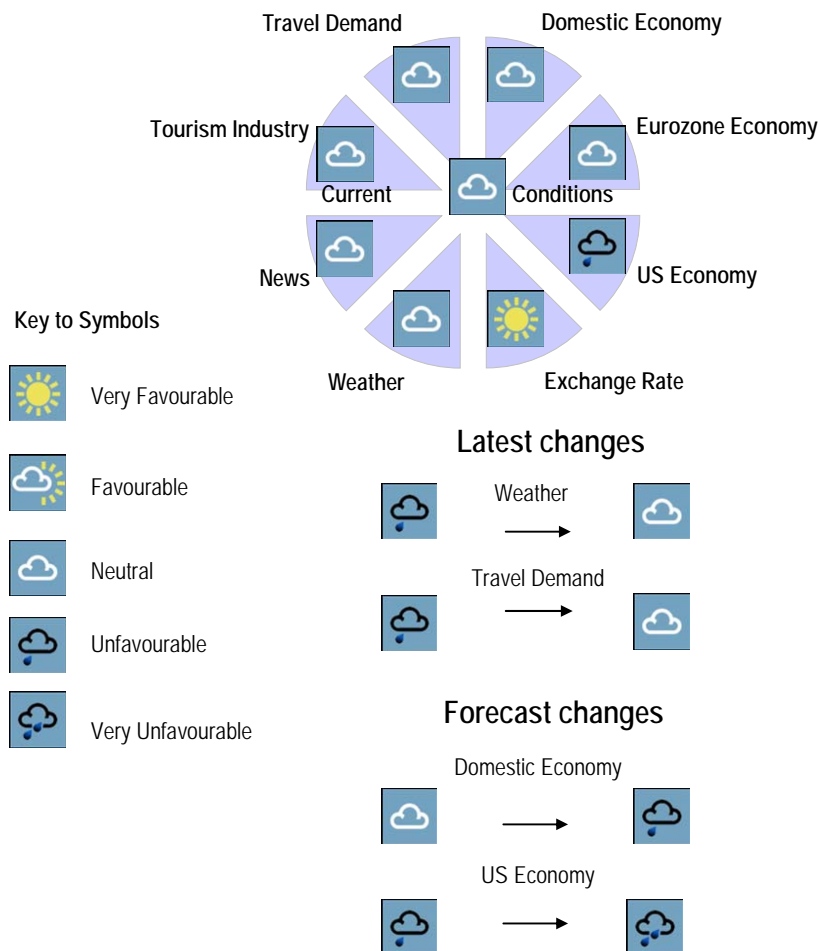
### Global Economic News

- Food price hikes in Asia continue, with the Burmese cyclone helping push the price of rice to a level 61% higher than at the start of this year

### Tourism News

- The early Easter and poor weather resulted in hotel occupancy declining compared with March last year in both London and provincial hotels during March according to PKF, London room occupancy stood at 79.6% and provincial room occupancy at 67.6%
- Car traffic in Great Britain declined at an annual rate of 1.5% in the first three months of 2008
- Outbound journeys on Eurostar services by UK residents living outside London increased by 45% during the first three months of 2008

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



- Overall conditions remain in the Neutral range
- April weather marked an improvement on March, but was 'average' 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
- March was another good month for hotel occupancy according to PKF, but the Tourism Industry segment remains in the Neutral range, with UKinbound reporting weak figures
- The economic outlook continues to deteriorate, especially in the US, with ongoing rises in the cost of oil and many foodstuffs
- Domestic air travel through BAA airports dropped by 6% in March, some of which will be down to the problematic opening of Terminal 5 at Heathrow