

Transport and tour operator news

- Passenger traffic through the seven BAA airports fell 3% in April compared with a year earlier; domestic traffic -4.9%, European scheduled -3.3%, North Atlantic -1.0% and other long-haul +1.6%
- EuroManx announces the cessation of all flights due to bankruptcy
- Shaheen Air International is to suspend its recently introduced route from Pakistan to Leeds Bradford
- BA rumoured to be considering grounding some of its fleet over the winter if fuel prices remain at current levels
- Ryanair to fly four times per week from Frankfurt Hahn to Manchester from this autumn
- Strike action by Italian air traffic controllers disrupts flights to the UK on 9th May
- Strike action in Belgium disrupts Eurostar services to the UK
- Strike action in France disrupts ferry sailings to the UK
- BA will move a limited number of long-haul flights into Terminal 5 at Heathrow from 5th June
- From winter 2008 Aer Lingus will fly to Belfast from both Munich and Milan
- The number of passengers passing through the Port of Dover during April was 19% down on a year earlier

Domestic Economic News

- The British Chambers of Commerce say that the economic outlook in the UK has worsened significantly
- UK producer prices increased at an annual rate of 7.5% in April – the highest annual increase since records began in 1986
- UK unemployment remains stable at 5.2% in the three months to March

European Economic News

- French industrial output fell sharply in March
- Eurozone economic growth stood at 2.2% during the first three months of 2008, ahead of expectation

US Economic News

- The US Federal Reserve now forecast US economic growth of between 0.3% and 1.2% in 2008

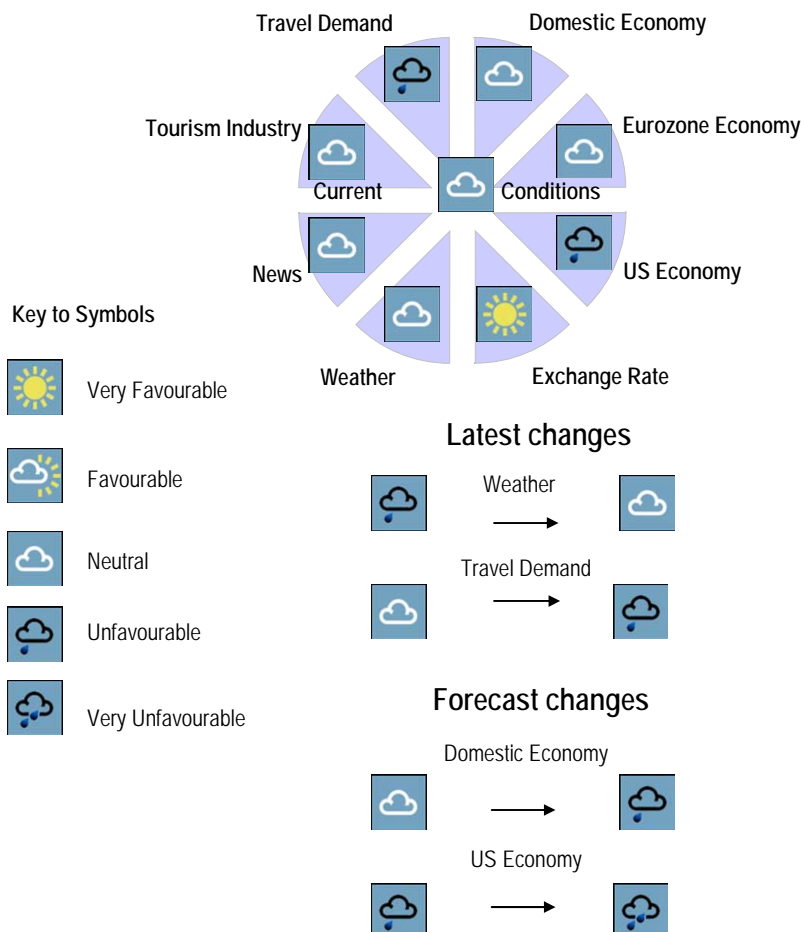
Global Economic News

- Oil prices rise sharply to \$135 per barrel, increasing the chance of more airline failures

Tourism News

- According to Global Refund sales to overseas visitors to the UK able to reclaim tax increased at an annual rate of 18% in April

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
- Weak figures for air travel and volumes at the Port of Dover has resulted in the Travel Demand segment moving into the 'Unfavourable' range